

NEWS SUMMARY

Israel missile lift in U.S.

TE an attempt yesterday to lift the promise by Dr. Kissinger to consider supplying the Pershing missile to the Sinai peace treaty as the object of controversy in Washington.

Kissinger had reacted to statements by officials that the Pentagon had not been informed of the secret plan to lift the missile. He said the Pentagon was not asked views on the Pershing secret memo was

schlesinger insists on a supply has been made to continue to maintain the Pershing cannot be out of current U.S. and that in reopen lines would take several And strategists say it no sense as part of Israel's if armed only with conventional warheads as Israel and singer have asked. Back

Arms still at sea

Mr. Thorpe put a ace on things. The Liberal ly, which ended on Saturday none of the party's na. writes Richard Evans. visions exposed between dde-class main body and dical youngsters were as nental as those facing the parties and there was a lack of a sense of direc- the party thus remained at ery of elements outside trol. (Page 24.) For the the fight for control, of warmed up at the week- ill the launching of the Group by its Left, led by ter Walker and Mr. Robert

Legal premier lopes bomb

U bomb, which went off hurting anyone, outside Premier Admiral de o's house early yesterday, a Portuguese considerable because of fear it may been planted by the Rightist MDP, headed mer General Spinoza, building up a campaign over from the Armed Movement. Page 5

Police arrests

Arrested 57 more alleged terrorists over the week- ed, sentenced another separatist to death, but execute the 10 people under the death penalty. 10 lives appeals continue in. Page 5

Des probe

men awaiting sentence or offences linked with a West. End homosexual ket, pressure was mount- closure of amusement at the centre of the tras- ing boys. A number of fences are due for renewal Minister City Council ing legal advice on how them.

Ted ladies

investigation is being 1st Belle Vue. Manchester- ain's biggest amusement after 30 women at a convention were taken- itals with suspected food- g. A Belle Vue spokes- It was not accepted that er the women had there ay was to blame. One said that on Saturday the suddenly began fainting off their chairs.

Death plea

rents of a 21-year-old in a coma for five with irreparable brain will ask a New Jersey day for permission to let The case of Karen Ann kept alive by a res- could prove a landmark be law governing mercy

le and places

ers at Market Bosworth, hire, are to take legal to stop their council- 1.175m. on a new entire which they call a dy and irresponsible" a time of economic

Companies

BRITISH LEYLAND'S Special Products division will make 24.4m. profit this financial year. A substantial increase is expected in the next. Back Page

BUSINESS

Nominees plan for steel inquiry

ACAS will suggest nominees in the next two days for the public inquiry into the blast furnacemen's dispute at the Llanwern steel plant which threatened to halt BSC production last week. Page 7 and Editorial comment, Page 10

ECONOMIC RECOVERY in the U.K. will not begin until next spring because of delay in dealing with inflation, says the Henley Centre for Forecasting. Page 4

UNEMPLOYMENT FIGURES adjusted by the Centre for Policy Studies, the Conservative research organisation, show an increase of 158,700 for September. The official figures show a slight decrease. Page 4

CABINET will decide this week whether to drop two British guided-missile systems and buy cheaper foreign alternatives. Page 24

INVESTMENT cuts in nationalised industries are likely to hit transport hardest. Meanwhile British Road Federation chairman attacks the increase in rail subsidies. He says in 1979 they will total £499m. Page 4

EEC budget proposals will be cut

EEC COMMISSION proposals for a £24m. budget are expected to be cut sharply at today's Council of Ministers. Germany is expected to call for changes in the unit of account to reduce its contribution. Back Page

IATA president says Government will be asked to control jet fuel prices if oil companies pass on any hike imposed by OPEC. Page 5

MULLARD'S managing director says the British television industry will be dead in a year unless there is immediate action. Page 4

POLYTECHNIC business "sandwich" course graduates were earning 17 per cent. more on average than their university counterparts after a year's employment, says a PEP report. Page 7

MACHINE TOOL delegation leaves for the USSR to-day for discussions on technological and commercial co-operation. Page 4

NIGERIAN LABOURERS are being repatriated from today from Equatorial Guinea following complaints of ill-treatment. About 25,000 cocoa workers are involved.

Minimum petrol price demanded

PETROLEUM Retailers' Association will tell the Government the oil companies are manipulating the market with subsidies. It wants a minimum retail price for petrol. Back Page

MONEY SUPPLY rose sharply on the wider definition (M3) in the month to mid-August, although on the narrower definition (M1) growth slowed down. The rate of increase remains well below inflation. Page 7

INDEX-LINKED certificates accounted for £30.4m. of National Savings £33.6m. net receipts in August. Page 24

FIRST WARRANT issue in the German foreign bond market is expected to-day with Swiss company Ciba Geigy the borrower. It apparently escapes the current ban on D-mark foreign issues. Page 22

LAIRD GROUP first-half pre-tax profits fell to £3.51m. 59748 won the weekly £4.95m. Total dividend recommended for 1975 is 2.30p (2.24p). Page 20 and Lex,

PERSONS plans to start market- ing proprietary medicines in the U.K. Page 4

Fall in gold forces South Africa into 17.9% devaluation

BY GRAHAM HATTON AND ANTHONY HARRIS

South Africa has devalued the Rand by 17.9 per cent. The move came yesterday in the wake of a rapidly worsening trade position accentuated by the falling gold price. The Rand's external value has been reduced from \$1.4 to \$1.15—a much sharper drop than had been predicted.

The South African Government obviously hopes that this drastic move will head off even more unsavoury domestic problems, notably substantial unemployment that would have hit the black population if the Government had sought to solve its trade difficulties simply by internal measures. Nevertheless, the devaluation will be accompanied by moves to curb the recent rapid rise in demand both from consumers and industry. Although South African exports have been rising rapidly over the last year or two, the increase in imports has been even more dramatic. The devaluation against the U.S. dollar takes effect to-day. There is little doubt that the announcement was provoked by the recent wave of speculation against the Rand which sprang up as the price of gold fell on the world markets.

Apart from the precipitate fall in the price of gold, which has come down some 20 per cent. in recent weeks since the announcement that the International Monetary Fund would be selling part of its stock, the South African position has been strained by the rise in the dollar against other currencies. The Rand is one of the few currencies of a country outside the U.S. economic bloc whose currency is still tied to the dollar, but the Rand devaluation may well lead to a reassessment of the position of other currencies which are managed to move

not, in any case, a very large one against sterling since the dollar and, with it, the Rand have risen strongly against sterling in recent weeks.

The strongest effect will be on British companies with large investments in the republic. Because the South African move will restore the profit to the mining industry, it must be a bearish factor for the future price of gold. A number of marginal mines which might have had to curtail their output will now be able to remain on full production profitably.

This means that the fall in the price will not lead to any great fall in newly mined gold, and may therefore increase the

SOUTH AFRICAN FOREIGN TRADE			
	1963	1973	1974
Total imports	R12bn.	R23bn.	R49bn.
Imports from U.K.	R2.4bn.	R6.9bn.	R9.9bn.
(percentage of total)	(20.5)	(29.5)	(18.5)
Total exports	R990.0m.	R2.4bn.	R3.4bn.
Exports to U.K.	R321.1m.	R697.4m.	R753m.
(percentage of total)	(32.4)	(28.8)	(22.5)

collapse of the bullion price will have pushed the figure to nearly 10 per cent. of GNP.

Pretoria plans to curb growth in local spending by introducing a policy of voluntary wage restraint, keeping a tighter grip on bank credits and the money supply, and reducing growth of Government spending, which has recently caused total national expenditure to out-strip national income.

However, by sharply devaluating it should no longer be necessary to introduce anti-consumer spending measures such as higher taxes. The Government has already set its face against tighter import controls.

Continued on Back Page

UDA backs Craig plan for emergency talks

BY GILES MERRITT

THE ULSTER Defence Association, most powerful of the "private armies" has attacked the Unionist coalition's leadership for its rejection of further talks on an emergency power-sharing Government.

Its stand suggests it will forcefully back renewed efforts to lobby the Unionist rank-and-file on the initiative before the Convention meets again on September 30.

At the same time, it appears increasingly likely, despite most predictions to the contrary, that the 1978-82 constitutional Convention could run until at least the end of October and possibly into the New Year.

In its week-end attack, the UDA, headed by the Rev. Ian Paisley, Democratic Unionist leader and Mr. Harry West, who is head not only of the official Unionists, but also of the three-party United Ulster Unionists Coalition, and charged:

"Because of them, there will be no talks on a political settlement, so we are going to end up fighting."

Mr. Andy Tyrrie, self-styled "C-in-C" of the UDA and its claimed 50,000 active members, claimed that both Mr. Paisley and Mr. West would thus "be to blame Ulster's political parties are

for all future violent deaths in the Province."

The UDA's open support for Vanguard Party chief Mr. William Craig and his emergency pact, even though it would involve allocating a number of Cabinet jobs to members of the mainly Catholic Social Democratic and Labour Party, apparently bears out earlier reports that the UDA is preparing to mount a Province-wide campaign to push the UUUC into fresh discussion of the ideas.

The UDA position certainly underlines the growing belief that Mr. Craig's humiliating second defeat in the issue by the bulk of his UUUC colleagues last Thursday, was not a battle lost and not the war.

Although Mr. Craig is expected to put pressure on UUUC Convention members to reopen the emergency pact question—particularly those waverers inside Mr. Harry West's Official Unionist Party—he will nevertheless have to tread warily. Mr. West has now made it clear that any attempt by Mr. Craig to interfere with the UUUC's forthcoming report in the Convention outlining its views on devolved government would mean his departure from the UUUC.

Ulster's political parties are due to submit their proposals to the Convention chairman, Sir Robert Lowry, during the week. The proposals will then be distributed for members to study before reconvening a week later to debate them. The UUUC report is expected flatly to reject any form of power-sharing.

Atom workers observe £6 limit

By John Wyles, Labour Reporter

SOME 4,000 atomic industry workers have become the first large group of public sector employees to settle their annual pay deal within the Government's £6 anti-inflation wage rise limit.

This agreement sets the pace for 1m. local authority manual workers whose pay negotiations opened this Friday, with the unions insisting they will not accept a penny less than the full £6.

With the clampdown already on local authority spending over the next year, it will be up to the Government, through its rate support grant, to decide whether there is a £6 deal or a confrontation.

The U.K. Atomic Energy Authority and union negotiators had agreed on an interpretation of the anti-inflation guidelines which limits the rises payable under a new annual deal from October 1 to a maximum £5.20 a week.

Breakdown

This reading of the policy takes into account an 80p a week threshold rise which was paid to UKAEA employees after the start of the £5 policy on August 1, and the offsetting was not seriously challenged by the unions.

This smooth progress towards an agreement contrasts with the situation at British Nuclear Fuels, employing another 6,000 atom workers, where a row over the meaning of the pay guidelines has led to a breakdown in negotiations.

Union negotiators are expected to ask for a TUC judgment as to whether a £2.60 a week rise, buying out anticipated threshold rises and agreed before the start of the new pay policy, should be offset against the £5 limit.

The employers, who are a subsidiary of the Energy Authority, claim that this must be the case and have offered £3.40 a week rise from October after taking guidance from the Government.

At the moment, none of the unions involved appears to be seeking a confrontation over the issue, including the Amalgamated Union of Engineering Workers, which was also a party to the Atomic Energy pay deal despite its official opposition to the £5 limit.

£ in New York

	Sept. 19	Previous
Sept.	10.000-0.00	10.000-0.00
1 month	0.60-0.55	0.60-0.55
3 months	1.72-1.61	1.72-1.65
12 months	6.10-6.00	6.20-6.00

Standardisation in NATO

Schlesinger in arms deals talks

BY MALCOLM RUTHERFORD

DR. JAMES SCHLESINGER, the U.S. Secretary of Defence, will have talks in Europe in the next few days on the increasingly urgent subject of arms standardisation in NATO.

His visit comes only a few weeks before the ten-nation Eurogroup is due to hold a special meeting in The Hague to discuss specific proposals to put to the Americans.

Dr. Schlesinger will have discussions in London, Bonn and, significantly, Paris. The French are not members of the Eurogroup and have so far resisted all invitations to join. There have been signs recently, however, of a change of view both on the part of the French and of their European allies.

The inherent dangers in French isolation from the Eurogroup became fully apparent earlier this year when the French aerospace industry failed to win any of the European orders for the successor to the Starfighter in the so-called arm deal of the century. Four European countries, including Belgium, chose instead to buy American.

It was pointed out at the time that not only had French industry lost a major order, but that the order could well have stayed in Europe if there had been a more united European approach to arms procurement.

Guidelines

The Starfighter decision coincided with efforts within the Eurogroup to set guidelines for co-operation both within the Eurogroup itself and between the Eurogroup and the U.S. The aim is partly to save money by introducing more standardised equipment, and partly to establish a two-way business in arms purchases between Europe and the U.S.

The dialogue between the Eurogroup and Dr. Schlesinger on this subject has been going

on for more than a year, but while the Americans have fully supported the aim of standardisation—and are indeed obliged to do so by resolutions of their own Congress—they have been much less forthcoming on the commitment to the two-way business.

Assurance

Essentially, what the Eurogroup wants is a firm assurance that the U.S. will buy arms in Europe in return for the Eurogroup buying American. Dr. Schlesinger, however, has made it clear that he regards a number of European projects—such as the Anglo-German-Italian multi-role combat aircraft (MIRCA) as expensive white elephants and has shown a marked preference for all big projects being U.S.-led.

In the last resort this would reduce Europe to the role of a small arms producer and destroy the defence technology base which the Eurogroup is trying to preserve.

At the last Eurogroup meeting in London in May it was agreed to hold a special session in The Hague in the autumn in order to agree on specific proposals to put to Dr. Schlesinger before the end of the year. The date of the Hague meeting has already slipped somewhat as informal consultations have continued.

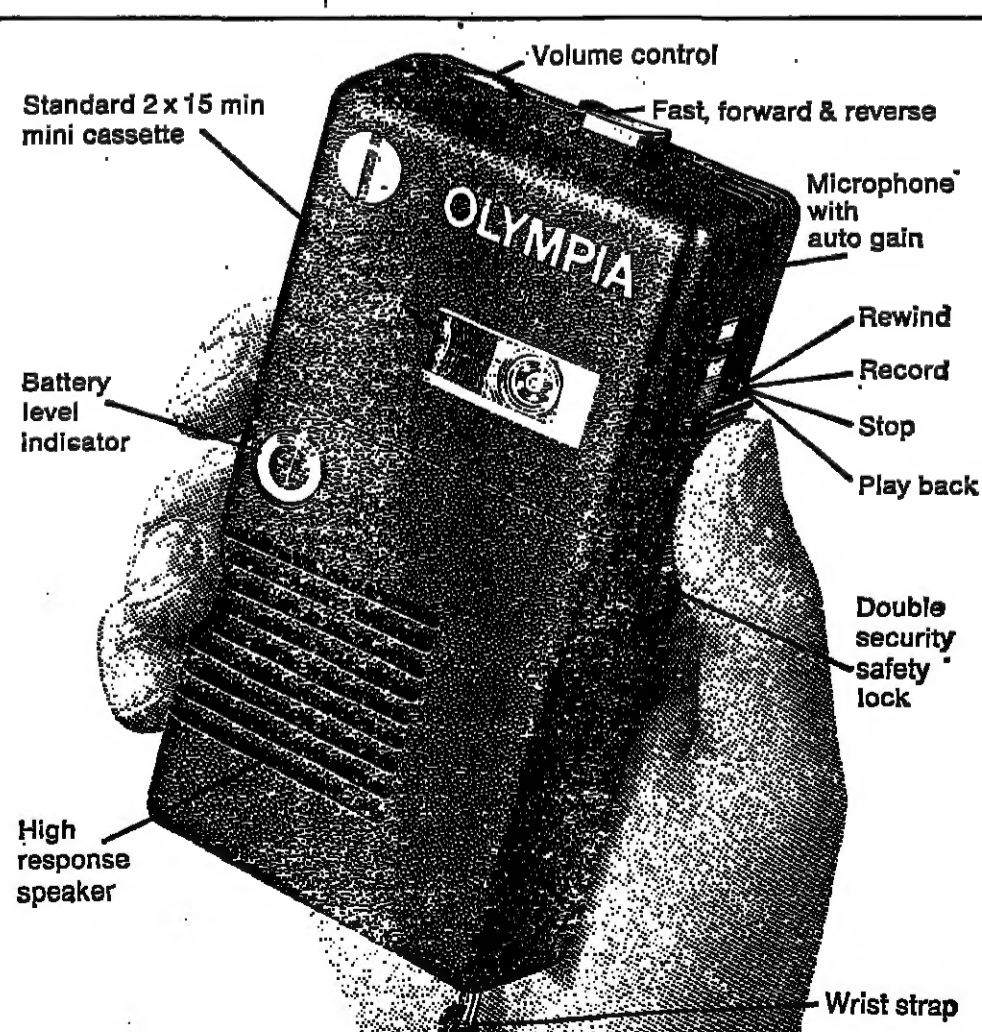
Meanwhile there has been a good deal of quiet diplomacy exploring how it might be possible to associate the French with Eurogroup aims. For internal political reasons the idea of French membership of the group under its existing title is ruled out.

In the last days of President Pompidou, however, the French themselves floated the idea of co-operation through a reinvigorated West European Union (WEU) and more recently there has been talk of co-operation through the European Community.

ON OTHER PAGES

Appointments	25	Int. Company News	22	Today's Events	19
Appointments Adj.	25	Jobs Column	5	TV and Radio	2
Arts	3	Labour News	7	Units Trusts	23
Base Landing Rates	9	Loading Articles	24	Weather	26
Building Notes	1	Letters	28		
Businessman's Diary	2	Lombard	2		
Business Opinions	25	Med and Matters	10		
Company News	20	Mining Notebook	21	British "Titan"	24
Crossword	2	Overseas News	3	Dagbladetenes Mines	24
Entertainment Guide	24	Share Information	26	18 Hinges	24
Executive's World	4	Sport	2	Laid Crew	24
Financial Diary	7	Theatres	24	Ritz (London)	4
Home News	4	The Technical Page	8	Thomas Tilling	20

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BY TREVOR BAIL

BY PETER ROBB

11-11-68

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ACROSS	DOWN
Accountant receives thanks and put a pound inside the boy's projector (8)	1 Church member has attractiveness (5)
Like the rowan-berry produced so right by bachelor in charge (6)	2 Getting the blame and accepting the blow on account of it (6, 3, 3)
Clumsy bird we hear goes to part of hospital (7)	3 Put dial this way for applause (7)
Placing in the environment (7)	4 Girl appearing in daily diary (5)
Solo performance with madam on or changing (9)	5 Be more boastful away from home going to card game (7)
Boy indicating message is received and understood (5)	7 Taking umbrage in respect of person not on, finished and past (5, 5, 2)
Receives article to suspend round well and understands (4, 3, 4, 2, 2)	8 Take care—get it mixed for a smoke (9)
Has one's say and talks on Eastern spice including end of clove (4, 4, 5)	9 Slip out without notice in mischievous adventure (8)
Eliminate some of number as expected (5)	14 Go with charm to Her Majesty and a preacher (9)
Cut more ancient source of fuel (3-6)	15 Extend the Spanish on entrance (8)
Omitted one side not at home (4, 3)	17 Hold at bay and hinder the attack (4, 3)
Repairer—like the editor? (7)	18 One in jetty is a forerunner (7)
Refine unusual fare in railway (6)	21 Walk from the south in open region... (5)
Gamble with Ray a pound—it's treachery (8)	22 ... of river and mountain range in the country (5)

in names of winners next Saturday.

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HOME NEWS

Transport faces heaviest burden of investment cuts

BY JOHN BOURNE, LOBBY EDITOR

THE HEAVIEST cuts in the year's investment programmes of the nationalised industries over the next few years are likely to fall in the transport field.

According to some Whitehall sources — which incidentally are sceptical about the recent crisis of "No Treasury pressure" after the Post Office's announcement of his reductions in orders for telephone equipment — the whole mood is one of Government pressure to cut wherever possible the investment programmes not only of British Rail, but the National Bus Corporation, National Freight Corporation and NCL, and to rationalise the operations of these industries.

The examination by the Government's Public Expenditure Survey Committee has, it is maintained, tightened the screws, particularly on British Rail, and economies are being considered now which go beyond the figures originally envisaged. The main investment cuts in industries which will be hit will fall, it is said, not next year but in the years beyond.

Recession

As one senior civil servant put it: "The whole atmosphere of recent discussion has been that some nationalised industries are in a bad time on their investment programmes. This is because the turn-around of the economy is now estimated to be much slower than expected. The recession will go on for longer than was forecast."

As the scope for cutting next

More Home News

Page 24

Corporation's plans for new plant will have similar importance.

The Department of Industry, incidentally, puts the responsibility for the Post Office's cuts in orders for telephone equipment over the next two years firmly on the falling demand for the Post Office's services, after increased charges.

Meanwhile, the Treasury has completed its review of the investment programmes of nationalised industries for next year. This review will involve the savings of about £100m. at this year's prices (forecast) by Mr. Denis Healey, Chancellor of the Exchequer, in his April Budget.

But the Treasury has also given the industries advice on how far they can commit themselves financially for the following years, 1977-78 and 1978-79. Although the industries will

have to wait for publication of the Public Expenditure White Paper towards the end of the year to know which of their final expenditure programmes have been approved by the Government, the Treasury's attitude is that investment in the public sector should be steered into those programmes which will produce the greatest benefit for the economy — namely, where the greatest market demand will be in the years ahead.

Any cuts in programmes beyond next year, it is claimed in Treasury circles, will arise from the particular industry's own assessment and estimates of future markets.

For example, the Central Electricity Generating Board, it is argued, has already decided that because of revised estimates of the demand for electricity, it will spend no more money on fossil-fuel-powered stations before 1978.

It was essential to have a sacrifice of several subsidies, of some welfare and the switching of many public sector functions to the private sector.

Arthur Smith writes: British Rail appears to be the prime candidate for economies. Capital spending, running this year at around £200m., is already a quarter down on what it desired as a result of previous cuts, British Rail said.

Capital spending was under continuous review by the Government and it was not possible to give figures of likely spending for future years.

The timing of big projects such as electrification schemes were subject to Government authority, British Rail added.

Limited

The design and production of the three prototype Advanced Passenger Trains which will cost £23m. over the next three years is not seen to be under threat.

The National Bus Company, which has budgeted £23.7m. for capital investment in the present financial year and envisages similar totals up to 1978-79, maintains that the scope for cuts is limited.

The bulk of spending is on new vehicles, and the point is made that cuts in new purchases would be quickly counterbalanced by increased maintenance costs.

The National Freight Corporation, with capital spending of £22m. this year at £22m. said no cuts were either planned or envisaged.

Tory view

Ironically, the Conservatives are not taking a strong line on capital expenditure in the nationalised industries.

In a week-end speech, Mr. John Nott, an Opposition spokesman on Treasury and Economic Affairs, said: "Capital expenditure in the public sector is essential for the nation's future and Mr. Healey has probably cut it too far."

Present expenditure would be reduced only by far tougher financial discipline, particularly over pay and pensions, the elimination of some functions, and the shifting of others.

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Workless overstated claims Tory group

By Michael Blandes

THE ACTUAL level of unemployment in the U.K. may be closer to 718,000 or 2.3 per cent, rather than the nearly 1.25m. (5.4 per cent.) shown in the official statistics last week.

The Centre for Policy Studies, the research organisation supported by Sir Keith Joseph and Mrs. Margaret Thatcher, says again this month that weaknesses in the official statistics probably overstate the unemployment problem in terms of the numbers involved.

The picture given by their adjusted figures, however, is possibly more worrying. This month's official figures showed a slight decrease in the total of 1.1m. unemployed, but the Centre's calculations indicate a marked rise in the underlying level of unemployment of 182,700 during the month.

This was because "the number of long-term unemployed, the most worrying component of those whose numbers are reflected in the official figures, is clearly still rising," while other unemployed on the evidence of this month "appeared to be going down."

The Centre's figures are reached by deducting from the official statistics estimates of the numbers assumed to be registered with the Department of Employment, but which are not included in the official figures. These are: 250,000; those between jobs — 231,000; or 120,000 less than in the previous month; out of work for four weeks or less; and 50,000 pensioners not seeking work.

Mr. Frank Chapple, general secretary of the Electrical and Plumbers' Trades Union, told a Radio Industries Club convention last week that the industry was "in a very difficult position" and that the Government's policy of cutting capital expenditure in the public sector was a mistake.

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Knell tolls for consumer electronics industry

BY ARTHUR SANDLES

BRITAIN'S consumer electronics industry, particularly colour TV, could be crippled irreversibly within months because it had been placed at the forefront of consumer spending restrictions. This theme ran with remarkable consistency through a week-end of comments on the industry, but provoked only a chilly response from the Treasury.

This week the magazine, *The Engineer*, is to publish results of a survey among several electronics makers. It comes to the conclusion that the industry "will be dead within a year" without drastic Government action.

The colour TV industry was losing £15m. a year and 20,000 jobs and a £50m. investment is at risk. Mr. Ken Appleton, managing director of the Royal Television Society's conference in Cambridge, said: "It is perhaps not just a coincidence that the national league of prosperity looks very similar to the league of countries with healthy and sound electronics industries."

The Government was accused by Mr. Wise Dekker, chairman of Philips Electronic and Associated Industries of being "firmly set on policies which will almost certainly wreck the industry rather than encourage badly needed investments."

At the same conference, speakers referred to the prospects of an end to British television tube production in the face of Japanese imports and U.K. Government attitudes.

Mr. Chapple made a slashing attack on Treasury attitudes. "Treasury and Civil Service influence hang over us all like a sword. They do not understand the industry, the peculiar blend of the wealth of the country."

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The Executive's World: The Office

EDITED BY JAMES ENSOR

TYPEWRITERS

Olympia's challenge to IBM

BY ROY LEVINE

WHILE AMERICAN futurologists gaze stargazer at the prospects of a multi-billion dollar market for text-editing or electronic typewriters, reckoned to be the systems forming the heart of the office of the future, Europe's biggest manufacturer of typewriters, Olympia (a subsidiary of AEG-Telefunken), is about to launch the first new standard electric model in the industry for nearly nine years.

The SGE 60, as it is called, has several benefits over conventional electric typewriters. There are only eight moving parts between the keyboard and the paper. This allows a typist to type faster and, more important, means less servicing and slower price increases in the future. Even Olympia's current standard electric, the SGE 50, has more than twice the number of moving parts. Apart from being quicker, the SGE 60 is lighter and about a third quieter than other models. Finally, the lower keyboard offers a more natural typing position.

The model has been test-marketed in Germany for two years and will be formally introduced in the U.K. on November 1. It will be sold at around £400 through Olympia U.K.'s 1,200 typewriter dealers with the aim of improving its 25 per cent. share of the electric typewriter market. Dr. Ludwig Orth, Olympia's chairman, is giving the SGE 60 priority over the group's single element typewriter and its editing system because while electronic typewriters are making great strides in the U.S., companies in Europe have been much slower to adopt them.

Apart from Germany, Britain is Olympia's biggest market in Europe. In the U.K. the editing typewriter market at around £10m. is less than one-third of the manual and electric typewriter market, which reached some £35m. last year. (In volume terms the relationship is even bigger since an editing typewriter costs about 10 times as much as an electric.)

Although the U.K. market for typewriters is contracting in volume terms as a result of the economic recession, the overall switch from manual to electric is still continuing. It is estimated that for every two manuals sold, there are three electric typewriters sold. By 1977 the ratio could be one to four. And the average life cycle of an electric is shorter than that of a manual because of its greater complexity.

The biggest shares in the



Checking at Olympia's Wilhelmshaven plant

market apart from Olympia are held by IBM and Office and Electronic Machines (OEM), which sells the Adler and Triumph models and recently bought the dealership for the Imperial models, now being produced in Germany by its parent, Triumph-Adler. IBM has about 25 per cent. and OEM about 30 per cent. of the electric typewriter market. The only other main contender is Olivetti which has an estimated 13 per cent. share.

Completion dates for each major process. Most of the models are for export which are packed straight into containers and Olympia has a resident customs official. About 2,000 typewriters are produced a day and less than 10 per cent. of the content is bought in. Olympia prides itself on making its own tools, some of which remain trade secrets. For instance, it claims to be the only typewriter manufacturer that makes its own type heads, using an automatic machine that spews them out at the rate of thousands a day. Each letter is formed from a tiny block of steel with 14 tons pressure.

Once the machines have been assembled they are put through rigorous quality tests. Random samples are also taken to test durability—these are attached to an electronic "typist" which pushes the keys for six months round-the-clock testing during which more than 48m. impressions are made.

The full range of products—from portables to electric typewriters—is made at Wilhelmshaven. Although a lot of the German supplier could not produce modern technology, that has been transferred to Belfast. One of the interesting new models, apart from the SGE 60, despite the downturn in the world markets for typewriters.

Production and assembly is controlled by computer with the programs that give precise

which is motivated by electronic impulses transferred from the keyboard through copper impregnated plastic. This model, the SGE 75, is the typewriter used for Olympia's editing system which has not yet been launched in the U.K.

Although most of the major producers of typewriters have started production of single element typewriters, the market in Europe has been over-estimated, according to Dr. Orth. He says it could take 10 years before the same penetration is reached as the U.S. where about 70 per cent. of new typewriter sales are single element.

He has the same guarded optimism about editing typewriters. About 5,000 systems are being sold this year in Europe and Dr. Orth predicts a growth rate of around 20-25 per cent. a year—again quite a modest rate compared with the American pattern.

In looking beyond the immediate future, towards the office of the future, he foresees some exciting changes. Electronic typewriters, with computer memories, will "converse" with each other over telephone links, spewing out information at the rate of 130 characters per second (twenty times faster than present-day typewriters).

Prototypes have already been produced at Olympia, but not yet at economic rates. The company spends about 5 per cent. of its £140m. revenues on research and development, in addition to aid from the German Government.

Only a portion of its revenues are from typewriters for Olympia, also manufactures a full range of office equipment at its other plants. The company has come a long way from the day in June 1945 when five top managers fled the Russians with Olympia's blueprints to set up another factory at Wilhelmshaven. The first typewriter factory was set up by AEG-Telefunken in Erfurt, East Germany, in the early century and one of its first models was an interchangeable typing wheel.

The history came full circle when the Russians recently asked Olympia to set up a factory in Kirovograd in the Soviet Union because its East German supplier could not produce modern technology. That has been transferred to Belfast. One of the interesting new models, apart from the SGE 60, despite the downturn in the world markets for typewriters.

Morale boosting—U.S. style

BY ART GARCIA in Portland, Oregon

IT WAS a routine planning meeting for a quartet of executives with Hyster Company, a Portland, Oregon, manufacturer of industrial lift trucks, towing winches, hydraulic cranes and heavy-duty trailers. They were discussing upcoming regional sales meetings when Peter Lewis, sales training manager, said he needed some "showman" for the sessions to avoid the usual routine of sales managers quickly making their presentations then just as quickly returning to their seats.

"I went to the blackboard and drew an arrow and then looped it back," recalls Michael Hanson, new product manager. "Pete said that was the idea. Then we started to kick the idea around concerning performance, sales, profits and everything else. It just sort of mushroomed. I guess you could say it was a collective effort. But it really took off." That was nearly a year ago and since that informal planning meeting, more than 70,000 of Hyster's Operation Turnaround buttons with the looping arrow insignia have been distributed to employees, stockholders, customers and dealers, as well as to other companies interested in launching programmes similar to Hyster's.

Spreading

Thousands of similarly inscribed cards and stickers also have been passed out and pasted on as the Turnaround message began spreading across the U.S. and spilling overseas. The company has been featured in Press articles, on television shows, and even in the Congressional Record. Governors, all through this period, but we executives with other companies, felt there was a need when about the pins worn by passengers have written for Turnaround buttons or to offer their congratulations on the program's success. More than 750 employee suggestions on ways to improve Hyster's operations or products or to save money have been submitted in response to the Turnaround campaign.



Happy Hyster employee

"The morale-lifting aspects of it have been tremendous. The whole thing is going along extremely well," beams William Kilkenry, Hyster's 56-year-old president and chief executive.

He says the poor health of America's economy was the spark behind expansion of the Operation Turnaround concept that sprang from the original planning meeting. "The company has been doing quite well since then," he explains. "The project's whole stress has been the teamwork of the corporation and how we can act with a sense of urgency and make sure that, despite the recession, our operations wouldn't be clouded with gloom as they were at other companies," he says.

"The idea was to take the essence of teamwork," he continues. "The very best efforts of all of us working together expeditiously on problems so we could continue to turn out equipment that gives the consumer the best possible return on his investment—and to do so in a way that Hyster could continue to grow, not only in volume, but profit also." Asked what all the promotional efforts behind Operation Turnaround have cost Hyster, Mr. Kilkenry replies: "Honestly, I think it's saved the company more than it's cost. I can't give you a total figure but the net result has been a saving to the corporation." A stroll through any of Hyster's seven U.S. manufacturing plants of two

parts depots uncovers a sea of Turnaround buttons. "You turn through our plants you'll find practically all of our 8,500 U.S. workers wear Turnaround buttons and hear them talking about around," assures Mr. Kilkenry. "It's very pervasive through all of our domestic plants."

Help

Walk about any of Hyster's seven overseas manufacturing facilities and three parts of you're likely to see a touting of Turnaround buttons and stickers, too. Mr. Kilkenry points out the programme is aimed at a time of recession in the there's not been as great a degree of emphasis on it as there is now. There's also the barrier in our foreign plants. He's been "extremely pleased" that so many and small U.S. corporations have contacted Hyster about Turnaround programme, not promoting it for companies. "We're doing Hyster, but if other companies want to use it, we're happy to help them," he says.

It takes more than a slogan, symbol or morale-boosting cheerleading to improve the operating of a corporation doing a worth of business a year as Hyster logged in 1974. Operation Turnaround, nailing the limits of the programme and its objectives, interest shown by employees, the words of one Hyster: "has been beyond expectations. Besides the hard suggestions that have been in Hyster people are joining in the spirit of around: self-imposed productivity reduction goals, design problems solved, pilferage reduced, expensive and time-consuming administrative procedures streamlined or eliminated."

Rise of the 'high-brow' criminals

BY BOB CREW

THE DEPARTMENT of Trade and Industry has issued figures on company malpractices investigated last year which it says, was a record year with 138 investigations compared with 93 the year before last. Civil proceedings were brought against company officials who failed to forward returns or accounts to Companies House; £200,000 was recovered from 15 companies. In another case, the Official Receiver recovered £700,000 from creditors of one company which had deposited its monies overseas in the name of an individual to avoid making the money available to creditors. White collar crime is on the increase. In 1970, the Company Fraud Squad of the Metropolitan and City Police (MCP) in London had 29 cases on its books. Last year it had 100 cases and, thus far this year, there are as many people awaiting trial as there were last year. White collar crime is that of the business executive, the corporate man, the office secretary and filing clerk, or the civil servant. It concerns the misuse of company, client, customer and government monies, what Al Capone used to call the "legitimate rackets" of the "upperworld."

Large-scale fraud, embezzlement, forgery, theft and tax evasion are the tools of this high-glove underworld in the upperworld which, because it has a smooth veneer of respectability to shield it, and because it wields considerable influence—is often difficult to expose or bring within the rule of law.

Difficulties

A highbrow type of crime, sometimes beyond the reach of even the most sophisticated of lowly criminals or common law men, it poses extra special difficulties for the police. As Detective Chief Superintendent Taylor, a City Police officer of the MCP Fraud Squad explains, "The police must be highly discreet and tread much more carefully than usual where crime in the business community is concerned. There are shareholders and policyholders to consider and investigations could cause shares to fall or policyholders to panic. You can't go poking your nose into the affairs of a respectable and important company without being extremely careful."

According to Detective Chief Superintendent Taylor, white collar crimes are becoming more international than they used to be—in the wake of multi-national companies and the

etc) were so poor that distance and delayed communications gave crooked firms plenty of time to defraud suppliers, cover their tracks and then disappear before their crime surfaced. These days British long firm fraudsters do this by importing foreign goods for which they do not pay, while foreign fraudsters do likewise to British exporters. Some companies specialising in this kind of activity don't even bother to disappear. They simply diversify into a great many product lines paying off early debts with money from more recent frauds.

White collar crime takes many forms. A banker's draft is stolen on the continent and flown to London where the thief cashes it and returns home before the bank from which it is stolen finds out that it is missing.

Cover

A commercial accountant opens accounts in his company's books for clients behind the "iron curtain" who are shown to be in arrears. For as long as they are in arrears the missing company monies are listed in the books as an asset, thereby averting any suspicion as to their whereabouts that would otherwise arise. Only after the accountant disappears does it become clear that the iron curtain client was invented just as a cover for his own speculation.

Company cheque books and bank cards, stolen from offices figure much in white-collar crime. But there are two teams of young women specially recruited to do a round-robin of the banks, turning over about 30 £50 cheques per week. Young women without previous convictions are favourite for this type of crime because they look innocent and agreeable enough and, if they get caught, they'll get off lightly.

Last year, one young woman cleared £700 on personalised stolen cheque books and bank cards in four days and, I am told, stolen books and cards can very easily be personalised.

With more and more people involved in these days in the financial transactions and operations of companies at various levels, cheque book and expense-account power is now widespread throughout the business world. With authority delegated to all levels, more people are getting their fingers into the till and white collar crime is therefore increasing. Internationally, with more com-

panies and countries engaged in financial transactions, the people are involved in the control of those purse strings more money is consequently disappearing. A new kit has been created in which fiddles, take-offs, overnight crimes are a regular feature.

Women have made a mark in the traditionally male province of white collar crime in way. In Chicago, a middle-aged executive lady called Gra herself arrested and prosecuted for embezzling \$106,000 white collar worker with a equipment-supply company climbed the male-dominated executive ladder to the heights of a senior post as chasing officer on a \$1 salary. She fraudulently employed her monies in bank accounts of fictional panies, which she created the purpose.

As yet, British women do bank cards much in white-collar crime. But there are two teams of young women specially recruited to do a round-robin of the banks, turning over about 30 £50 cheques per week. Young women without previous convictions are favourite for this type of crime because they look innocent and agreeable enough and, if they get caught, they'll get off lightly.

Opportunity Knocks.

Walton Summit the first of Central Lancashire's Employment Centres is now in business.

When it is complete we plan that it will have office development in a landscaped setting, on-site convenience shopping for staff, and manufacturing or distributive units sensibly blended together in an attractive working environment. And there will be a modern hotel development with conference, banqueting and leisure facilities.

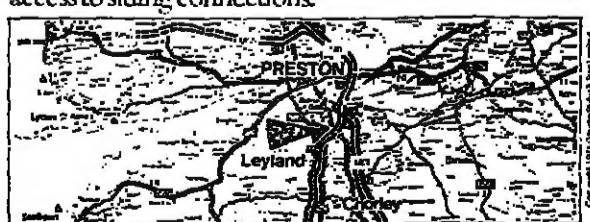


Walton Summit is not as its name might suggest, on the top of a hill, but where the southern section of the original Lancaster Canal reached its highest point. The area played an important part in Britain's communication system during the past, and is destined for an even greater role in the future.

How to reach the summit.

Walton Summit has immediate access, by way of interchange 29, to the M6, and is fronted by the main A6 trunk road which directly links with the south-bound M61.

In addition, the northern boundary of the site is formed by the main Preston/Blackburn railway. So if your company is a heavy user of rail transport, you'll have the opportunity of locating on a site with access to siding connections.



There's our own small, but highly efficient container port at Preston, and less than an hour by motorway are the major ports of Manchester and Liverpool. International air travel and extensive freight handling facilities are about forty-five minutes down the motorway at Manchester Airport.

You can be at Liverpool and Blackpool Airports, for regular domestic services in much the same time.

And by rail, the Electric Scots puts Glasgow or London just over two and a half hours away.

In fact a company expanding or relocating to Walton Summit would have the major markets of Britain within its grasp.

Central Lancashire Development Corporation, Cudworth

From the people who gave you the factory.

Sir Richard Arkwright, one of Preston's illustrious sons, and a leader of the Industrial Revolution, is credited with moving the cotton industry out of the home, and Britain into the factory.

We don't propose that the Employment Centre at Walton Summit will be as radical in conception as the first factories, but it will be far more pleasant to work in.

Room to grow

Fully serviced sites are available now. In addition a range of advance factory units (from 3,000 to 20,000 sq. ft.) are nearing completion.

Options on adjacent land can be negotiated, so as your business expands your site can grow with you.

And the boom in business will be reflected in the increase of the labour force. Over the next twenty-five years, it is anticipated that it will grow from the present figure of 120,000 to 200,000.

The graduates you might be looking for could come from Preston's Polytechnic, or the nearby Universities of Manchester, Liverpool, Lancaster or Salford.

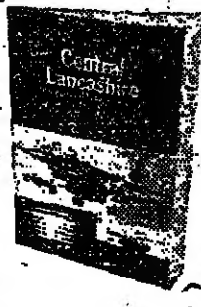
And then there's housing. Whether for sale or rent, you'll be surprised how positively we can help. In fact, it's one of our main functions.

Tell me more.

If you would like to learn more about the first of Central Lancashire's Employment Centres, phone or write to our Commercial Director, Bill McNab.

Central Lancashire
The foundation for your future.

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NALGO tougher over pay beds

BY OUR LABOUR REPORTER

ernment itself reduced its demands on the system.

liquid assets substantially, and reduced their reliance on wholesale money market funds. The high level of liquidity in the banking system provides part of

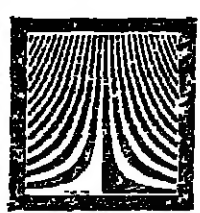
A high-contrast, black and white photograph of an offshore oil rig structure on the ocean surface, viewed from a low angle. The rig is silhouetted against a bright, textured sky. The foreground shows the dark, choppy water.

A Hewlett-Packard computer system can read danger signals.

Figure 1

The entire system is mobile and

31.76. 25. 1.6p.
THURSDAY, SEPTEMBER 25
 ALL MEETINGS - 8.00.
 Investment Trust Chicago, 12.30.
 (Millville Casino), 12.30.
 Johns. Connagor Rooms, W.C., 12.
 Court. Saratov, 12.
 Connagor Rooms, W.C.
WEDNESDAY, SEPTEMBER 24
 Waldorf Hotel, W.C., 12.
 Harrowell, Middlesex, 2.30.
 Prospect, Atherton Hotel, W.
 Investment Trust, 41, Bishop
 E.C., 41, Bishop
 and Wripit, Leeds, 11.15.
 and Universal Investments, Glas
 London and Liverpool, 7.00.
 12.30.
 Real Estates, Connagor Rooms,
 F.H., Great Bar, 12.
TO MEETINGS -
 Assoc. British Foods - L.R. 3.4p.
 (1754-2004).



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

DATA PROCESSING

Computer on a chip will grow fast

SALES of microcomputers in significant markets will be Italy (\$ per cent.), Scandinavia (7 per cent.), and the Netherlands (5 per cent.).

Frost and Sullivan's two-volume 584-page study evaluates industrial and commercial applications for microprocessor equipment and finds the biggest European markets to be in industrial control with sales of £243m. over the next decade. Production-control applications will predominate and microprocessors will replace existing hard-wired controllers.

Data collection, entry and communications will take £366m. worth of microprocessors over the period, while in calculators, processors and peripheral unit controllers sales will reach a total of £34m. by 1984.

This currently very immature market is dominated by U.S. designs, although the first European and Japanese units are now becoming available and very many new products are being developed and offered.

Both an opportunity and a competitive challenge to existing computer suppliers, microprocessors offer inexpensive intelligence which may be incorporated into existing types of equipment to provide lower costs, improved operational flexibility and ease of use.

Their advent also introduces the semi-conductor component manufacturers as potential direct suppliers of computing elements and enables original equipment manufacturers or other independent computer companies and develop their own custom processors or complete computer systems, the report points out.

Further details from BAS Industrial Consultants, Mile Ash, Radlett, Herts, WD7 7LT. Radlett 6376.

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BUILDING TECHNOLOGY

Cement know-how on offer

CBR, one of Europe's largest cement manufacturers, supplying half the annual needs of the Netherlands and of its home country, Belgium, is offering a comprehensive know-how and design service abroad.

The group has its own laboratories and research centres and the CBR technical design department is an important organisation within the company since it is entrusted with the task of setting up plant to produce cements and manufactured products, according to the latest technology available, and follow-up each development through the till production lines are up and running satisfactorily.

Company know-how also covers extensive knowledge of, and research on basic raw materials of the industry and extends into technologies like prestressing of structural members for bridges and various industrial buildings, taking in such specialist work as the manufacture and anchoring of prestressing cables.

CBR is prepared to assist projects for their viability and help to carry them through to the point of offering temporary management services while staffing a new plant are learning the job.

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committee concerned has been unable to reach a unanimous view on the subject since there is an equally strong opinion which maintains that the problem could be solved by the addition of more rigorous clauses of the control of the quality of the concrete.

It is the view of this statement that the committee has decided that it is necessary to circulate the amendment for discussion, and a meeting will be called for later this year in each development through the till production lines are up and running satisfactorily.

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the computer system developed by CMG. Additionally CMG implementing a computerized payroll system: a 2,500 people who will work on the project, complete integrated accounting system and payroll suite in take into account both Gen and Algerian regulations.

Material is re-assessed

IT WAS announced last week that the Ministry of Housing and Local Government has issued a certificate (No. 75/288) relating to the application of O. acrylic sheet for external glazing purposes.

The report has been issued following technical investigations dealing with fire characteristics plus factory inspections to quality control. Existing surveys and visits to sites where the material is used.

THE Aluminium Window Association which deals with manufacturing and fitting placement windows and has drawn up a Code of Practice for its members.

It covers the working of contract and lays down criteria. The Association independent body set up in 1964 to establish and maintain standards in the manufacture and installation of aluminium windows and doors.

Members have to pass their products in terms of performance, and must also have a minimum of 5 years' experience in the industry.

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MACHINE TOOLS

Accurate indexing tables

MANUALLY operated indexing tables stated to be accurate to five seconds of arc (non-cumulative error) are available from Unimate Engineers, 122 Granville Road, Cricklewood, London NW2 0JL (01-55 0012).

Called Baldeck, the tables are made by Shimo, Kyoto, Japan. They have an edge scale and "T" slots. Table flatness is 0.02mm. In 200 and 315 mm diameters, they provide 48 and 72 indexing positions, indexing at minimum angles of 7.1 and 4.5 deg, with maximum loads of 750 and 1,200 mm.

The tables have two angular grooves, one in the underside of the table and one in the base, which are filled with steel ball bearings (stated to be accurate to three microns—improving with use). The table is unclamped with a side lever, moved into position, and relocked with the lever, locking the double row of balls together.

Each is capable of working independently from the other; yet they share a common base and a single operator can, from a sitting position, maintain a close watch on both turning operations at the same time.

Twin control panels are now mounted above and outboard of the twin slideways. Twin plug-board matrices have been incorporated in a control console, free standing beside the machine, again in full view of the operator. The console houses all control function electronics and allows the operator to see at a glance at which stage in the machining cycle each lathe has reached. This is shown by visual indicators positioned above each of the two 20 function matrices.

To cater for higher stock removal rates the spindle motor rating is 7.5 kW, and multiple vee belts are fitted.

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Building and Civil Engineering

£150m. power project in N. Wales

TO-DAY a decision is expected to be taken by the executive of the Central Electricity Generating Board on the biggest civil engineering contract ever to be awarded in the United Kingdom.

It is thought to be in the region of £150m. It covers the massive job of excavating millions of tons of rock to form the caverns which will house the generating plants for the pumped storage scheme in Dinorwic, North Wales, as well as the tunnels which will connect the upper and lower reservoirs of the

scheme via the pump/turbine units.

The Executive will consider the preferred tender which has already been selected by its expert engineering staff out of three submitted by consortia headed by Sir Alfred McAlpine, Taylor-Woodrow and John Mowlem respectively.

It may decide to defer a final decision pending further consultation with the front runner. But whatever happens, the successful candidate should be named within about a fortnight. The scheme is for a massive

power plant which will deliver 1800 MW at peak and cost an estimated £150m. in all at present prices, though what the final figure will be when all eight turbines are in and running in 1981 is more likely to be well over the £200m. mark.

Commissioning of the scheme is now scheduled for 1979 and completion by 1981.

Some problems have resulted from the rock conditions in early tunnel driving and the big contract will undoubtedly be a challenge to whoever undertakes it.

to the west of Pontardol.

In another M4 motorway joint venture, George Wimpey and Leonard Fairclough are to construct the Coryton-to-Miskin section in South Glamorgan.

This job calls for the construction of about 6.1km. of dual 11-metre-wide, three-lane motorway and nearly 2km. of dual 7.3-metre-wide, two-lane road.

The £13.5m. contract, due to start on October 1, also covers bridges, culverts, water mains and realignment of a stream.

Over £6m. worth for Fairclough

THE Fram Construction division of Leonard Fairclough is to build 446 houses at Daraley for Glasgow Corporation at a cost of just under £5m. Work starts next month and will take two years to complete.

Also for Glasgow Corporation, Fram is to construct ancillary buildings at Sheldahl sewage works at a cost of just over £1m. but Fairclough says it will probably be two years before work will start on site. Consulting engineers for this job are Fairclough and Partners.

The Buchan (Concrete) division has received a sub-contract valued at £326,000 from John Mowlem to supply precast concrete shaft rings and tunnel segments for British Steel Corporation. Consulting engineers are W. S. Atkins and Partners with Mott Hay and Anderson.

A £21m. contract has been awarded on behalf of Shetland Islands Council by its consulting engineers, Peter Fraenkel and Partners in Christiani and Nielsen, jointly with Christiani and Nielsen A/S, Copenhagen, for the construction of three oil tanker jetties.

The jetties, designed for 30,000 to 300,000 d.w.t. vessels, will be used for the export of crude oil received by pipeline from the Brent and Ninian oil fields north-east of Shetland.

The first jetty is due to be commissioned in mid-1977 and the contract completed in just over three years.

A FURTHER contract, worth more than £3.5m., has been awarded to Holland Hannen & Cubitts Construction (London) by Amalgamated Investment

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£33m. road jobs in South Wales

A START is to be made towards the end of October on the seven-mile Miskin-Pencroft section of the M4 London-South Wales motorway.

Cementation and Costain will do the work as a joint venture for which the tender was just over £19.1m.

The award of this contract marks another stage of the extension of the M4 from Newport

Bison group gets £1½m. orders

SEVEN contracts worth £1½m. have been secured by Concrete the Bison industrialised building and structural steel group. The jobs located in North Wales, Derbyshire, London and the Home Counties include a major factory development, two multi-storey car parks, a police headquarters and an extension at Heathrow Airport.

The major slice of the work is a £500,000 order won by Concrete (Northern) for the manufacture and supply of precast concrete components for the £3.4m. production plant being constructed by Leonard Fairclough, Fram Gerrard Division, for the Kellogg Company of Great Britain at Wrexham.

The multi-storey car parks in

Romford, Essex for £187,000 and Winsford, Cheshire for £92,000 are to be built by the company's Southern and Northern divisions. The Romford car park is for Ronco Vickers, while in Winsford Bison precast concrete components will provide the composite decking to a two-level car park for Flou Fare supermarket shoppers.

In North West London Concrete (Southern) will build the main structure of a £3m. extension to St. Mary's Church of England School, Hendon at a cost of £136,000.

In Derbyshire work has started on the Batterley police headquarters at Ripley. This contract is worth £165,000.

Other orders are for 7,630 metres square of Bison flooring for a 24-storey office development in the City of London (£122,000), and for structural steel to be supplied by Ramster-Walton, Bison's Manchester-based structural steel division, for extensions to Pier 4 at Heathrow Airport (£242,000).

More homes in Hull

£1.15m. housing contract at Transholme, has been awarded to Wimpey by the City Council of Kingston-upon-Hull.

The 166 dwellings will include variety of houses, bungalows and flats. Included in the external works will be 52 garages and an electricity sub-station. Work has begun.

Awards to Townson

TWO SCHOOLS, one for Liverpool Corporation and the other for Salford Roman Catholic Diocese at Acremington are to be constructed by William Townson & Sons at a total cost of £245,000. The company has also gained contracts for a warehouse and offices at Rochdale for Lyn Town Investments (£70,000) and alterations for Tillotsons of Liverpool (£121,000).

Oil rig base sewerage

TO-DAY, MacLeod and Miller Engineers of Blantyre, Glasgow, will be delivering a BIOX plant for treating domestic sewage from Sealplatform Constructors Rhuda Mor work camp at Portavadie on the shores of Loch Fyne.

The unit is about 31 feet long, 11 feet wide, over 15 feet high and weighs 16.5 tons. It will be supported by low loader from Lantyre to Ardrossan Docks where it will be loaded on to a barge and shipped to site at Portavadie. There it will be off-loaded to prepared foundations and connected to the camp sewerage system.

The BIOX Rotating Disc Unit, it is called, is at present being

Start made on chemical plant site

A £104,000 contract for initial site works and foundations has been awarded to R. G. Carter (Humber) in preparation for the construction of a £5m. agro-chemicals plant for Ciba-Geigy Chemicals at Pyewipe, Grimsby.

White Young and Partners of Leeds, have been appointed consulting engineers for the plant for which planning approval is being sought. It is hoped that the main building contract will start in November and be completed in mid-1977.

Irrigation scheme in Dubai

FAMILINER waterproofing lining—bitumen/glass fibre membrane—manufactured by D. Anderson and Son, of Stretford, Manchester, is playing an important part in the Ruweya Irrigation scheme at Dubai in the Middle East, where salad crops and vegetables are being grown in desert barren for thousands of years. The crops need 8m. gallons of water each day for 500 acres of market gardens. Familiner is being used on the 8m.-gallon balancing reservoir critical for the success of the scheme.

IN BRIEF

Molex, the Farnham-based manufacturer of municipal and industrial tankers, has won a contract worth almost £1m. to supply 12 2,000-gallon capacity waste collection tankers to the urban Ministry of Development and Engineering Services. Beverley Chemical Engineers will be paid over £150,000 for the complete thermal fluid heating system together with all of water, cold water and air services in the world's largest 'no-steam' laundry. The laundry will be part of a new prison near Leyland, Lancs., to be set up entirely with British equipment by the main sub-

contractor, Manlove Tullis Group.

A contract worth nearly £740,000 has been placed by the London Borough of Hackney with Wates Special Works Division for the conversion, modernisation and improvement of the block of flats on the Vismet House Estate, Romerton, High Street, London, E.9.

Tilbury Construction has been awarded a contract worth about £2m. to build 81 houses and 112 flats for Chelmsford District Council. Architects are Stanley Bragg and Associates and quantity surveyors E. Dudley Smith and Partners.

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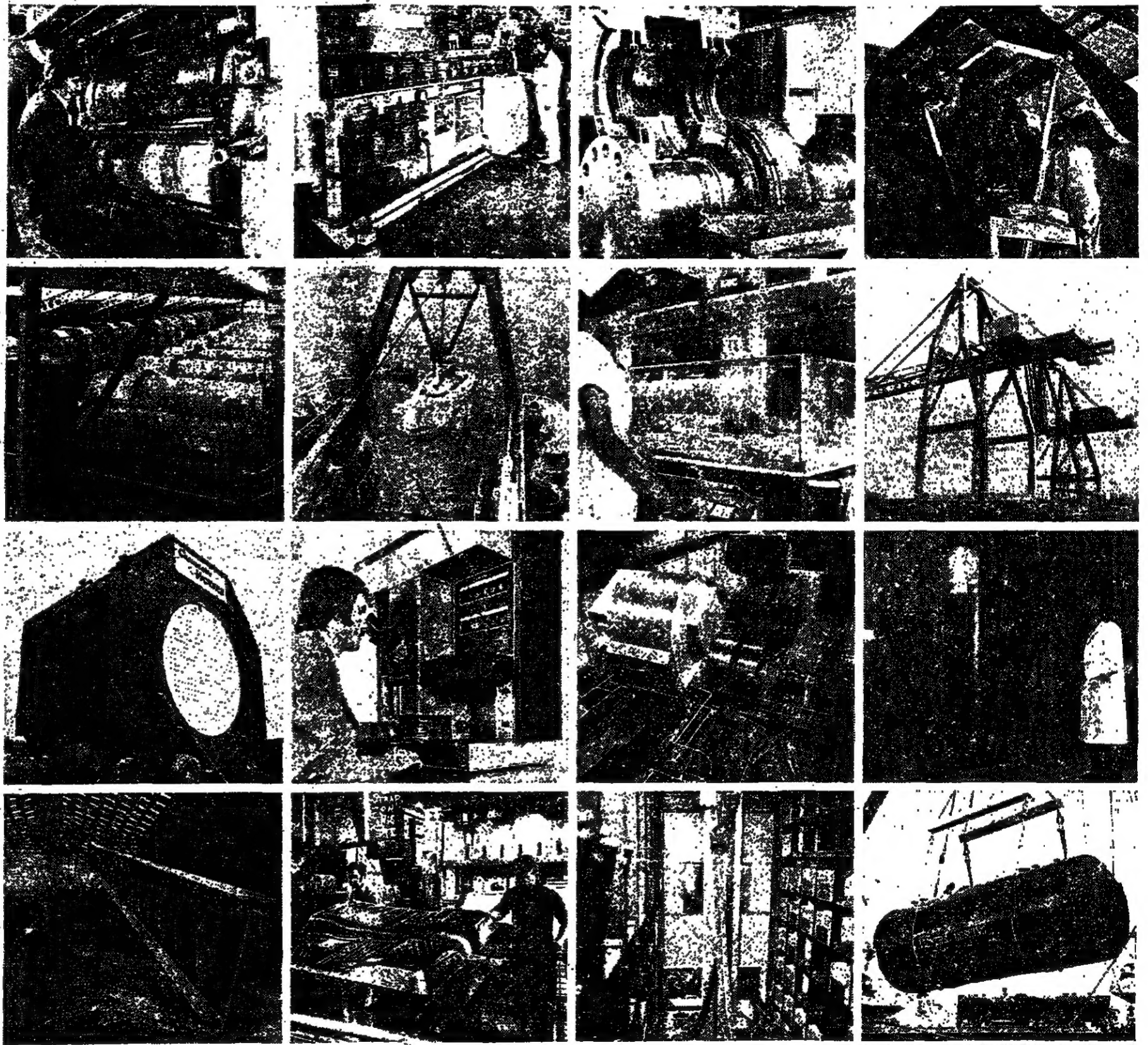
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MONDAY, SEPTEMBER 22, 1975

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FINANCIAL TIMES SURVEY

Monday September 22 1975

هنا من العمل

DENMARK

After a solid record of economic success in the post-war years, Denmark has witnessed a surprising series of political and social crises. This Survey examines some of the problems that need to be solved and looks at the major contributors to the country's economic growth.

A crisis
born
of
affluenceWilliam Dullforce,
Nordic Correspondent

DO THINGS have been opening in Denmark over past two years. That well-ered, affluent, judiciously misive Scandinavian welfare State has suddenly fallen into disarray, lurching from one tical crisis to another, while its voice forebodings either at the nation's economic ability or about the future Danish parliamentary democracy. If not rottenness, there certainly been bewildering at in the State of Denmark, 3 per cent of the organised, our force has become jobless, the nation has cut into incomes, ustrial production has respect for their politicians. The sources of the Danish socialist whose party was malaise go back several years in the Tivoli entertain- but they first broke the surface at park, has preached the when Mr. Erhard Jacobsen, a morality of paying taxes and Social Democrat who quit to got more than 15 per cent. form his own Central Democrat

of the electorate to vote for him.

Denmark is in crisis, even if it is not of the acute kind from which revolutions spring. It is rather a crisis of affluence and of political leadership. One aspect, the reaction against the welfare State, is examined elsewhere in this survey. But, despite the support for Mr. Mogens Glistrup's anti-tax party, the Danes give the feeling that they are seeking sensible rectification of existing systems and practices rather than drastic change. The large majority remains loyal to the concept of Western democracy.

The question is whether the present political leaders can respond and no confident answer can be given. It is almost as if entry into the Common Market had released among the Danes a latent penchant for Italian-style politics. At present the much-battered Social Democrats are back in power under Mr. Anker Joergensen. He has just negotiated a compromise with the opposition over a short-term emergency economic package to curb unemployment and has probably boosted his Gallup ratings a couple of percentage points, but there are no signs that he is yet overcoming the Danish people's current lack of respect for their politicians.

The most spectacular entry was made by Mr. Glistrup and his Progress Party, which took 28 of the 179 seats and became the second largest party in the Folketing at its first try. His success at one end of the



Prime Minister Anker Joergensen: currently making the running, but will he last the year?



Liberal leader Mr. Poul Hartling: his election gamble did not quite come off.



Mr. Mogens Glistrup: the gadfly who has embodied the protest against the system.

Party, left his spectacles at home. By going back for them, he failed to cast the vote in the Folketing that would have saved Mr. Joergensen's first government. At the subsequent election the traditional pattern of Danish politics was shattered when the number of parties represented in Parliament was doubled from five to ten. The Social Democrats lost 24 seats.

Out of the chaos emerged a liberal cabinet, led by Mr. Poul Hartling, based on the narrowest parliamentary margin (22 seats) ever for a Danish Government. By force of character Mr. Hartling survived for nearly a year, scraping improbably through

political goals, that of the Communists at the other (they returned with six seats) and the 14 seats won by Mr. Jacobsen's breakaway Central Democrats demonstrated clearly enough that the Danes were fed up with the four parties which had alternated in power in various coalitions or single party governments since the War.

He gained 20 seats in the January election this year, the biggest gain recorded by a Danish party in any single election this century, but the gamble did not come off. He needed a total of 50 seats to ensure his

two serious crises by the skin of his teeth. He pursued a tough tax and budget cutting, anti-inflationary policy, which won him growing respect and, when he was finally brought down over income restraint measures, he took the gamble of going to the country.

Gamble

Government's continuation but got only 42, taking most of the gains from the centre and Right-wing parties who had backed him. The Social Democrats came back with 53 seats, a gain of seven. There were still 10 parties in the Folketing and there was still a Left-wing majority. The situation was as hopeless as ever and after the usual haggling Mr. Joergensen formed his single party minority cabinet.

BASIC STATISTICS

Area	16,629 square miles
Population	5m.
GNP (1973)	Kr.165bn.
Per capita	Kr.32,800
TRADE (1974)	
Imports	Kr.60.3bn.
Exports	Kr.47.0bn.
Imports from U.K.	£427m.
Exports to U.K.	£577m.
Currency: Krona	£1 = Kr.12.69

Mr. Glistrup's Progress Party remained the third largest with 24 seats. It is not possible to understand what has been happening in Danish politics over the past two years without examining the Glistrup phenomenon. It is fair enough to concentrate on the man, because

his party would not exist without him.

A rotund lawyer with a quicksilver intelligence, Mr. Glistrup runs Copenhagen's biggest law office and has written sophisticated textbooks on taxation law. Last year his fellow MPs voted His outspokenness has a naive charm, recalling the child in Hans Andersen's tale who could not see the emperor's clothes tax evasion on his own and and said so. Mr. Glistrup caught the Danes' imagination by voicing outrageous, stimulating opinions on television. He compared tax evaders with Danish resistance saboteurs during the German occupation: they were performing a dangerous but socially necessary duty. People over 60 should not be allowed to vote. The Danish foreign service was superfluous and the defence forces could be reduced to one Russian speaker, who would wake the Defence Minister at the appropriate moment and then proclaim Denmark's capitulation.

Mr. Glistrup's witticisms were entertaining and barbed. One suspects that at least part of his success stems from his appeal to the Danes' sense of humour but he also struck a deeper chord. His invective against excessive taxation, the on television that he paid no mountain of official paper tax) but believed nevertheless smothering ordinary citizens and the Aegian Stable of irrelevant, contradictory legislation not vote for him favour some that had accumulated on the of his ideas. Like M. Poujade, satire books contained too many Mr. Glistrup may eventually

home-truths and appealed to too many frustrations.

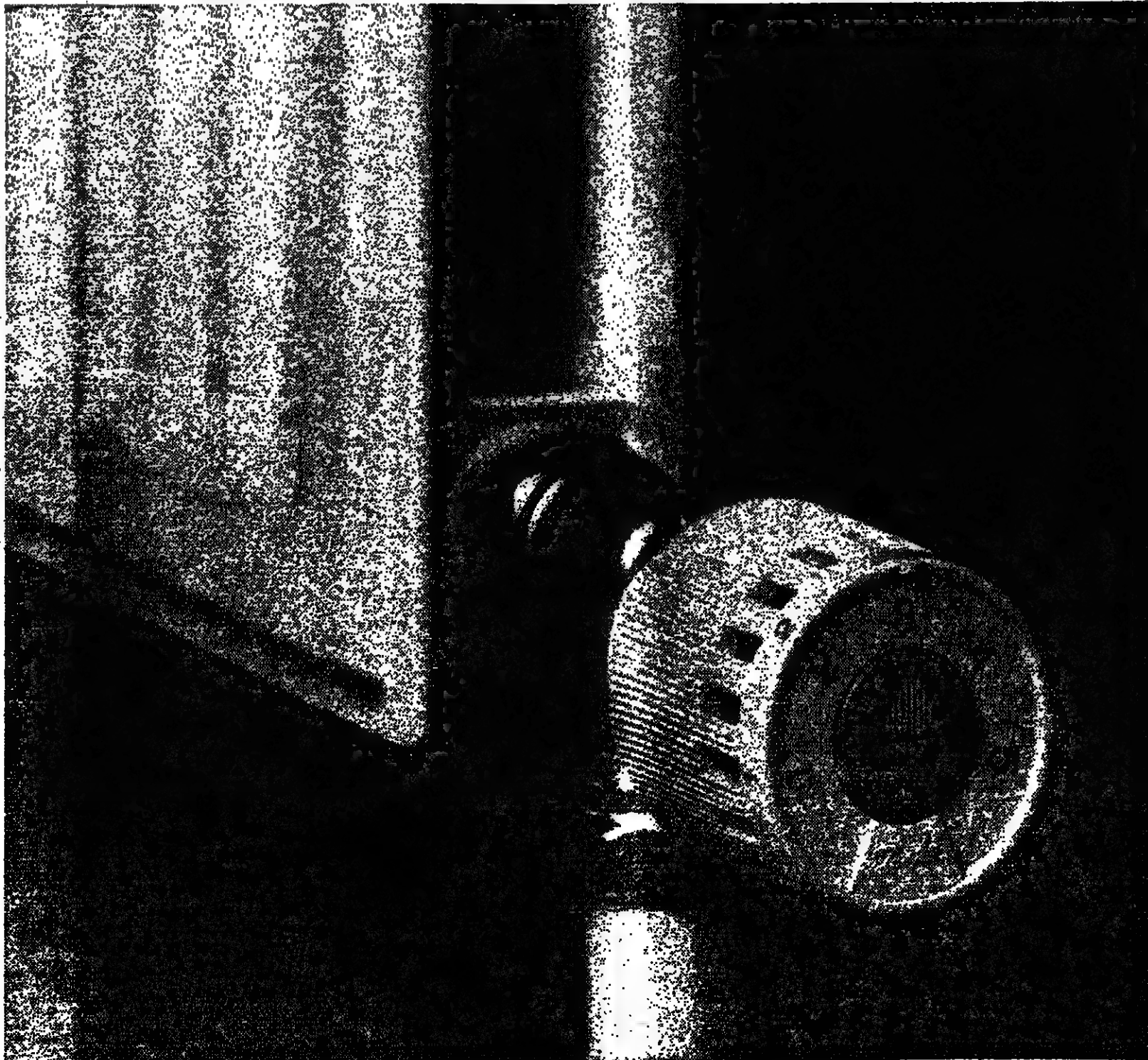
When Mr. Glistrup got into the Folketing, the other parties sent him to Coventry and the Press started to ridicule him. Last year his fellow MPs voted to raise his parliamentary immunity to enable him to stand trial on some 3,000 charges of not see the emperor's clothes tax evasion on his own and and said so. Mr. Glistrup caught the Danes' imagination by voicing outrageous, stimulating opinions on television. He compared tax evaders with Danish resistance saboteurs during the German occupation: they were performing a dangerous but socially necessary duty. People over 60 should not be allowed to vote. The Danish foreign service was superfluous and the defence forces could be reduced to one Russian speaker, who would wake the Defence Minister at the appropriate moment and then proclaim Denmark's capitulation.

Protest

Mr. Glistrup has embodied a popular protest. In an opinion poll of his voters after the 1973 election two-thirds said they had backed him to protest against the existing system. A majority said they voted for him, although they did not expect him to succeed in implementing his policies. Most thought it wrong not to pay taxes (Mr. Glistrup had boasted on television that he paid no mountain of official paper tax) but believed nevertheless smothering ordinary citizens and the Aegian Stable of irrelevant, contradictory legislation not vote for him favour some that had accumulated on the of his ideas. Like M. Poujade, satire books contained too many Mr. Glistrup may eventually

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Danfoss

DENMARK II

Unemployment is currently running at about 5 per cent, the highest for 30 years, and experts predict that it will be many years before full employment returns.

The economy

IN THE late 1960s and first years of the 1970s the economy was bedevilled by an over-rapid expansion of public sector spending and housing investment, absorbing capital and manpower resources which were urgently needed by export industry. The growth of the public sector had other disturbing side-effects. The public sector became the wage leader, setting the pace for wages and salaries in the business sector, while the high taxation level, with marginal rates of 60 per cent for ordinary workers, contributed strongly to inflationary pressures.

The disequilibrium showed up in the current balance of payments, in deficit for every year except one since 1960. A foreign debt of the order of 15 per cent of the gross national product has developed, and when the oil crisis emerged in late 1973 it was widely feared that Denmark would be one of the countries unable to con-

tinue to finance its foreign debt. These fears were not modified by the return of a 10-party Parliament in December, 1973, when many people believed that economic policy would be the first victim of the political confusion. Whether it was the shock of the election which concentrated the minds of the politicians will never be known, but economic policy has been handled firmly ever since—both by last year's minority Liberal Government and this year's minority Social Democratic Government.

The Liberal Government accepted the consequences of the oil crisis. In the early summer of 1974 it carried through severe curbs on private consumption. The policy was extremely effective, more so than intended, in fact. The curbs happened to coincide with a slump in housing (starts on 50,000 to 25,000 from 1973 to

1974). The result was that a first-half current balance of payments deficit of Kr.5bn. was converted into a deficit of only Kr.25m. in the final quarter.

The slump in domestic demand in the second-half of last year worked wonders for inflation. Consumer prices were increasing at an annual rate of over 16 per cent in the middle of 1974, but by the end of the year they had slowed down to an annual rate of 5 per cent, to 6 per cent, and they have remained at this level since.

Wage law

The Liberals, however, did not succeed in tackling wage inflation, which was becoming a pressing problem. Hourly wages in Danish industry, at about Kr.35, are probably the highest in the world to-day, although total wage costs, including social security contributions, are probably still higher in Sweden, Norway and Germany. In the two years 1972-74 wage rates rose by 40

per cent, and total wage costs by even more, owing to a sickness benefit reform which came into effect last year.

In the spring of this year the Social Democratic Government intervened when the negotiations for a new two-year collective wage agreement between the TUC and the Employers Federation broke down. It imposed a new agreement by law, and it was extremely moderate. Basic wage rates will go up by only about 2 per cent a year in 1975 and 1976. Consumer price index-linked threshold payments will put the actual increase up considerably but there is a good chance that, with the introduction of the new agreement, average wage rates will not rise by more than about 10 per cent a year.

The prospect of containing inflation was enhanced by the five-party agreement on economic policy which was obtained earlier this month. The agreement included an incomes policy declaration of intent, which commits the Government to preventing the increase in prices, costs and incomes from rising

faster than at present over the next three years. The declaration includes a vaguely-worded but encouraging statement to the effect that if more threshold payments than expected are in prospect next year and in 1977, the parties will discuss ways of avoiding the extra payments.

Two other important developments have taken place in the past two years which are crucial to putting the economy on a safer long-term course. There was a slump in house-building last year, and in the 12 months to June housing starts were cut to 36 per cent of the 1972 peak of 64,000. It has been accepted by all the parties which have any influence on policy that the 1973-74 boom was intolerable and official policy is now to aim at a steady rate of 40,000 houses a year.

The second point is that politicians of all the main parties have realised that the growth of public consumption and investment must be curbed. They like to pretend that this has nothing to do with the emergence of Mr. Mogens Glistrup's anti-tax movement and is due alone to their own awakening to the

dangers of over-expansion. Either way, the result is that projections of central government consumption and investment show almost no real increase for the next three years. Scenarists argue that this is because the Government is passing more and more tasks on to the local authorities, but particularly this year, local government expenditure has increased much more moderately than expected.

If this more moderate development of housing and public sector expenditure can be maintained, the prospects of achieving a better balance of demand and resources in coming years will be better than at any time for the past 15 years, and Danish industry will be well-placed to utilise the international upswing when it finally arrives.

The immediate picture is dominated by unemployment, and the measures taken by the Government this month to boost the economy. Private consumption, public investment and exports have all failed to develop this year as expected

and a negative growth rate of about 2 per cent is likely. A decline in exports in volume terms of 4.5 per cent is the most alarming development. With industrial order books continuing to thin out through the summer, there was every prospect that unemployment would climb to 7 or 8 per cent of the total labour force this winter.

Stimulus

The Government and its supporters have agreed therefore to an expansionary programme equal to about 2 per cent of the GNP. Value Added Tax is being reduced from 15 to 8 per cent for five months from September 29. Compulsory savings made by the public last year are being repaid immediately. Public expenditure is being boosted by about Kr.700m., and Kr.1.5bn. is being provided to stimulate private sector investment. It is hoped by the Government that the programme will keep 50,000 people in jobs this winter who would otherwise have been unemployed.

The programme is rather larger than comparable efforts being mounted in neighbouring countries and there is an element of risk that the current balance of payments will deteriorate so sharply that the country's creditors will again become uneasy. A deficit of Kr.4-6bn. is forecast by the

Economic Advisory Council next year, but the governor of the Central Bank, Mr. E. Hoffmeyer, believes that can be seen that inflation being tackled resolutely, the problem of financing the deficit should be surmountable.

A second problem is the effect of a large central Government budget deficit—the result of falling revenues—on the money supply. However, up to this year's expected deficit of Kr.12bn. is being soaked up by medium-term Government bonds, and a similar policy probably will be pursued again next year.

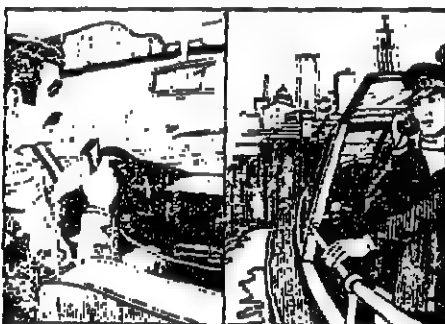
Before the Government's expansionary measures were published, the Economic Advisory Council estimate for a growth rate next year of 4 per cent, depending on whether exports stagnate at the 1975 level or start to rise again. The Government's figures should ensure that GDP meets the more optimistic forecast.

But even with this relatively rapid expansion, in which 5 per cent volume rise in private consumption will play the lead role, the Council warns because of the low capital utilisation to-day, there will be a big fall in unemployment either next year or in 1977.

Hilary Bay
Copenhagen Correspondent

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This has been a year of innovation for the banking system, an erratic year for the capital markets, and an unexpected year for the stock market.

THE BANKS have experienced four significant new developments in 1975. Foreign banks have been allowed to set up in Denmark for the first time, the savings banks have acquired equal status with the commercial banks, the State has obtained the right to appoint members to the supervisory boards of the commercial banks (it has had the same right with regard to the savings banks since 1937), and in March the Folketing approved a new law enabling the Government to regulate interest margins.

The foreign banks have not come rushing into Copenhagen. Last year's liquidity problems made them cautious about starting up new projects which were likely for the next few years to produce nothing but losses. However, by early next year there will probably be five foreign banks with branches in the Danish capital as well as half a dozen with representative offices.

American Express Bank wheeled its way into Denmark several years ago by converting its old-established travel company into a bank and setting up a new company to conduct the travel operations. First National City Bank, however, was the first to make use of the new regulations this year. Chase Manhattan Bank of America and Standard and Chartered are the others preparing to open branches.

The movement has not been all one way. Hambros Bank, which had a representative office in Copenhagen for some years, closed it down this summer.

The opportunities for the foreign banks are not enormous. The market is small and tightly covered by the domestic banks, and the opportunities for raising deposits, short of the major step of going into retail banking, are limited.

But the foreign banks are able to offer better services than the Danish banks for a variety of international transactions simply by virtue of their extensive branch networks

overseas. This is their selling point, and it is the only aspect of their activities which in any way worries the Danish banks, who are so well established that they have no need to worry about the minor inroads which the foreign banks can make into the deposit business. All the same, the foreign banking community cite rumours of Danish banks casting a cold eye on customers known to have used the services of the foreign banks.

The inception of the foreign banks has meant a marginal increase in competition. The equalisation of the status of the commercial and savings banks is a more important factor. Under the old rules, the savings banks were restricted in the main to issuing loans against collateral in real estate. They could not give guarantees, run accounts with foreign institutions or arrange foreign loans. The major part of their business was therefore in acquiring deposits from small savers and issuing mortgage loans.

In theory, they are now fully able to compete with the commercial banks in offering services to the business sector. In practice it will take them years to become effective competitors in this form of business with the commercial banks. But they are making a start, as Kjeld Christensen, managing director of Denmark's largest savings bank, SDS, said by establishing relationships with small, growing enterprises.

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The savings banks (of which there are over 200 in all, the top five having over 80 per cent of the business) have been losing market shares to the commercial banks for many years. They welcome the opportunity which their new status gives them to stabilise their position and perhaps to win back some of the lost ground.

Ratios

The savings banks still have some disabilities compared with the commercial banks. Both must maintain a capital ratio to liabilities of 8 per cent (incidentally, the highest in Europe). But while the savings banks are basically similar to non-profit-making foundations and raise their capital from profits, the commercial banks are able to increase their equity by issuing new share capital. This means that the savings banks must always maintain a capital ratio above the minimum 8 per cent in order to allow for changes in the value of their liabilities, as represented, for example, by a fall in bond prices.

The biggest savings banks are comparable in size with the commercial banks. SDS has deposits of Kr10bn. compared with deposits of Kr11.5bn. in Copenhagen Handelsbank and Kr10.5bn. in Den danske Landmandsbank, the two biggest commercial banks.

The law on interest margins which came into force in March, was part of a broader incomes policy legislative complex. But it is regarded as a significant pointer to the growing tendency of the state to intervene in the affairs of the banks. The law put a ceiling on interest margins (the difference between rates on deposits and advances) at the average of the rates for the past three years.

The interest restriction coincides with other legislation on preventing businesses from widening their profit margins. In the case of the banks and savings banks, this means that they must not increase bank charges. Given that wage costs in banking have increased by over 20 per cent a year for the past two and a half years, there is quite a tough squeeze on the ability of the banks to make money.

The banks have inevitably responded by turning their attention to the matter of wage costs. The Danish savings banks, as part of a project which includes the other Nordic savings banks, have already introduced one of the world's most advanced on-line data processing systems for clearing operations. The commercial banks, having learnt, as they say, from the pioneering errors of the savings banks, are now moving ahead with their own system, also advanced by international standards.

So far the system has not enabled the savings banks

actually to reduce the labour force, but they expect that over the next few years it will enable them to make a reduction in manpower of about 3 per cent a year. The banks expect that on-line system will enable them to save substantially on manpower.

In spite of the restrictions on earnings, the banks have not had much trouble making money so far this year. The monetary scene has been characterised by the growth of a very large central Government budget deficit, expected to amount to about Kr.12bn. this year on a budget of about Kr.65bn. The broad money supply has shown a growth over the past 12 months of about 18 per cent. Bank deposits have grown by about the same rate. But the recession has caused a slump in the demand for new credit, so that bank advances have barely risen over the past year. Last year the position was reversed, and the banks built up large debts with the Central Bank. The improvement in operating profits this year has therefore come primarily from running down this debt, which has anyway become cheaper to maintain with the fall from 10 to 8 per cent in the official discount rate since January.

A 10-point increase in bond prices and a 25 per cent rise in average share prices over the first eight months of the year contributed to a substantial increase in unrealised profits on bank security holdings.

The bond market has behaved unexpectedly this year. The slump in the housing was expected to lead to a marked fall-off in the supply of bonds with a consequent rise in prices and decline in effective interest rates. There has been a fall in interest rates, of course. They are now about 13 per cent compared with 18 per cent in July-August last year. But the fall in the bond supply was

less than expected. The bond market is now becoming available to foreign buyers, but they shown little interest. Investors believe that a large increase in industry and agriculture through the bond market counts for the situation.

Danish interest rates are largely determined by the policy of keeping them low enough to prevent business switching foreign credits, but with inflationary interest rates still a further fall in bond prices is expected.

Reasons

The bond market is now to foreign buyers, but they shown little interest. Investors believe that a large increase in industry and agriculture through the bond market counts for the situation.

Foreign investors have fought shy of the Copenhagen share market, but it is small tends to be the last market to obtain the attention of investors outside Denmark. However, share market has defeated people's expectations by rising 25 per cent in position at the end of last year. Brokers are puzzled by an explanation of extreme liquidity of the market has much to do with there is a feeling of institutional investors, who usually have treated shares with utmost caution, are playing a more active role in the market.

The economic policy committee earlier this month gave a fall to the monetary policy, promising a 10 per cent double taxation of dividends in 1977 (meaning the system taxing dividends first via company profits and then via personal income).

Crisis

CONTINUED FROM PREVIOUS PAGE

variety of 57 possible coalitions. But no two of them have been able to agree on a workable partnership, although to an outside observer their differences seem to be more pettifogging than real. The smaller parties and a revival of both energy and political responsibility among the Social Democrat trade union leaders. They have at least temporarily turned back the communist tide in the unions and have taken standpoints, for instance, on incomes policy, which should make it easier for Mr. Joergensen to get the economy moving again.

Negative point in his favour is that any opposition party which brought him down would almost certainly incur the voters' displeasure.

Party strategists believe that if Mr. Joergensen can survive through this year, he will be able to stay in office for another year at least. The party is starting its biggest ever campaign for financial salvation. However, his autocratic mannerisms in dealing with his natural allies, the other bourgeois parties, and the losses inflicted on them in the election he called in January make it difficult for him to organise a united, non-socialist front and, as a matter of principle, he will not consider including Mr. Glistrup's Progress Party in any coalition. A burning ambition to be Prime Minister also makes it difficult for him to come to terms with Mr. Joergensen, who in any Social-Democratic-Liberal coalition would have prior claim to the premiership.

The bearded Mr. Joergensen is a kindly, sincere former trade unionist who has yet to persuade the country that he is a true successor to the Social-Democratic bosses of the past. He does have some things going for him, among them, the belief, lighted by Mr. Glistrup, that which is not confined to his own party, that modern Denmark surely can only be ruled by a Govern-

ment led by Social Democrats. Other points in his favour are his success in warding off a general strike earlier this year, when wage talks between employers and unions broke down, and a revival of both energy and political responsibility among the Social Democrat trade union leaders. They have at least temporarily turned back the communist tide in the unions and have taken standpoints, for instance, on incomes policy, which should make it easier for Mr. Joergensen to get the economy moving again.

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هكذا من الأصل

Since Britain joined the EEC, Denmark has felt free to pursue a more active trade and foreign policy. Trade patterns are shifting, but continental Europe is the likely growth area.

Active Europeans

DANES heaved a sigh of relief when Britain voted to stay in the EEC. That result not only removed the threat of a referendum but also removed the threat of a referendum.

EEC membership has given Danish foreign policy a new dimension in that the Danes now have to consider and take into account wider international issues than those they could be concerned with earlier. This is regarded very much as an opportunity. As one of the Nine Denmark was able to play a small but not insignificant role in the negotiations which led to final agreement in the European Co-operation and Security Conference (CSCE) and to signature of the final act in Helsinki in August. It was a Danish proposal that resolved the differences over the follow-up procedure to be adopted and produced agreement on a new meeting in Belgrade in two years' time.

Relief

Denmark's approach to the EEC is typically pragmatic—which is another reason for their relief at the result of the British referendum. In most instances—apart from the agricultural policy—the Danes feel that their own attitudes to outstanding EEC issues, such as political union, are close to the British. They are sensitive to the argument that the inevitable development of their trade will now carry them closer to the continental powers and diminish their traditional pro-British sentiments; even if this forecast proves to be correct in the long run, it is not a prospect they are willing to accept politically for the time being.

After explosive growth in the welfare

state in the 1960s, a stop has been called following the success of the anti-tax party in the 1973 elections. The ever-growing tax burden is the reason for the backlash and all State expenditure has been called into question.

Welfare services

DANES were among the first to think out and accept concepts on which the welfare state was built. But in 1973 their own welfare state was under attack. A whole collection of the underlying complacency of a large and rapidly expanding public sector came to a head in the 1973 election, entering to blow the whole edifice to bits. Nothing so drastic happened, even if the welfare state is here to stay. But the stress expansion of the welfare state in the 1960s has been replaced by a mood of reluctance to preserve what there is.

The 1973 election (which turned 10 parties to the left, three of them newly formed, including Mogens Glistrup's anti-tax Progress Party) was primarily a revolt against taxation, but inevitably mixed with this were elements of a moral and ideological counter-revolution. In many of the attitudes intellectual fashions which it with the welfare state.

Stability

It is widely accepted that the years of the 1960s went to the welfare state. For the electorate, and the unprecedented voting instability was partly a result of the ease with which reformism proceeded. Ordinary people were used rather than impressed by the victory of the progressive movement in the schools by progressive pedagogy. Many people who would have been natural supporters of the existing right-wing parties were affronted in the right-centre coalition 1968-71 freed pornography, introduced abortion-on-demand. Glistrup and the new Christian People's Party.

taxation was the key problem. However, public sector revenue peaked last year at 47 per cent of the gross national product, and as the tax burden is, it is felt to be very heavy. OECD figures published last summer showed that the Danish worker had the lowest disposable income after tax and all security contributions and higher marginal taxes (51 per cent) than workers in other 20 countries.

They do not believe in a common foreign policy, although they believe that close consultation among the Nine can lead to effective joint initiatives. They regard the idea of an independent European defence as an impractical chimera and remain firmly wedded to the belief that European defence needs the involvement of the United States and Canada.

In July, when the idea of a political union was again mooted and Belgian Prime Minister Leo Tindemans was commissioned to start sounding out opinion among the Nine, Mr. Andersen said firmly in public that the EEC would do far better to concern itself with matters of practical substance, such as achieving a stable monetary system and making the Common Agricultural Policy more efficient, and Denmark's EEC commissioner Finn Gundelach was the only one who did not vote in favour of the Commission's report on European union.

On the Common Agricultural Policy the Danes do differ from the British. It brought them net incomes of Kr.2bn. (£180m.) in 1973 and Kr.1.8bn. in 1974 in EEOGA payments, the largest received by any EEC member. Understandably, they believe the CAP needs no fundamental revision but would like to see some of the machinery improved.

If EEC membership looms largest at the moment, it is important to remember that Danish foreign policy rests on at least three other cornerstones: NATO, co-operation with the other Nordic countries and membership of the United Nations. The European Co-operation and Security Conference (CSCE) has 'rather confirmed the Danes' belief in the value of NATO. The successful outcome of that conference, the Danes argue, has demonstrated that a firm Western defence and security posture is a prerequisite to negotiating détente

with the Eastern bloc.

Denmark was one of the four European countries which earlier this year decided on the joint purchase of the General Dynamics F-16 as the replacement for its existing fighter aircraft in face of fierce competition from the French and the Swedes. If the group had failed to hold together, sentiment in Denmark might well have led the Government to favour the Swedish Viggen.

The Danes have sometimes seemed to be divided between their European and Nordic loyalties, but on the whole they seem to co-ordinate them successfully. They certainly helped the Norwegians and Swedes to negotiate their free trade agreements with Brussels. They deprecate the suggestion that they act as a bridge between the EEC and the rest of the Nordic group but Copenhagen does seem to function as something of a switchboard between the two.

Nordic co-operation is valuable for the Danes. The common labour market has enabled many of them to find work in Sweden and Norway during the current depression. Last year Denmark increased its exports to those two countries more than to its EEC partners and it is now about to participate in the new Nordic Investment Bank, which will, it is hoped, enable the five Nordic countries to raise more international finance and undertake joint projects.

There is a genuinely idealistic element in Danish participation in the United Nations, which is taken very seriously. At the recent extraordinary general assembly session on economic relations between the industrialised and developing countries Denmark remained in the value countries Denmark remained in the principle of index links between prices for raw materials and industrial products, but the Danes believe their largely non-

colonial history and Scandinavian background could make them a more credible negotiator with the Third World than some of their partners.

There may be a contradiction in Denmark's attitude. She depends more than other industrialised nations on imports of raw materials and fuel and her shipping and shipbuilding industries are important currency earners. The Danes' 17.1 per cent of its total exports last year compared with 19.5 per cent in 1973.

And as Foreign Trade Minister, Mr. Noergaard's fundamental concern must be the chronic trade deficit. In the first half of this year the deficit on current account shrank to Kr.500m. (£40m.) after invisible earnings of Kr.2.9bn., but this improvement was due more to the 18 per cent drop in the volume of imports produced by the decline in domestic economic activity than to the performance of exports, which in fact fell 5 per cent in volume compared with the first six months of 1974.

For over a decade Denmark has been running a trade deficit, tempered by invisible earnings, but met chiefly by a steady growth in foreign borrowing. Last year the current account deficit was just over Kr.6bn. (£490m.) and it is generally accepted that the improvement over the last few months can only be temporary; once the economy revives and import demand recovers, the traditional pattern will reassert itself. The long-term solution, it has long been accepted, must be to improve exports.

While farming still provides over 20 per cent of Danish exports, it meat and milk preserves are included, the real growth point is in industry which last year accounted for close to 70 per cent of foreign trade earnings compared with under 50 per cent in 1964. Danish membership of EFTA opened the way for the expansion of industrial exports in the 1950s and 1960s and entry into the EEC would, it was hoped, give a further boost.

Nearly 43 per cent of Danish exports went to the Common

Market last year compared with just under 30 per cent to its old EFTA partners. But the EEC share in fact dropped nearly to the 1972 pre-membership level and sales to Sweden, Norway, Finland and Austria grew faster than those to the EEC. This was due largely to the weakening of the British and Italian markets. Britain, Denmark's biggest single export market, took only 17.1 per cent of its total exports last year compared with 19.5 per cent in 1973.

Corrected

This pattern has been corrected during the first six months of this year, despite an overall drop of some 6 per cent in the volume of Danish exports, with the Common Market's share rising by 1.5 per cent, and the EFTA group sinking by 0.6 per cent, as the Swedish and Norwegian economies began to feel the effects of the recession. Britain's share rose again to just over 18 per cent, compared with 16.6 per cent for the first half of 1974.

The Foreign Trade Ministry has been encouraging exporters to assay new markets in the Middle East and Eastern Europe (the motive for Mr. Noergaard's Moscow visit). The latest figures for trade with the OPEC countries indicate some success, Denmark's deficit with this group having been reduced from Kr. 2bn. in the first half of 1974 to Kr. 1.2bn. in the first six months of this year. A 21 per cent decline in the value of fuel imports helped but exports were boosted 78 per cent from Kr. 700m. to Kr. 880m.

The growth and pattern of Denmark's trade have been slowed and distorted by the recession in Western Europe over the past 18 months, and it has yet to take advantage of the opportunities offered by the 300m. Common Market population, especially in West Germany. But what the Danes have learnt from the recession is that they must also seek to diversify their foreign markets.

W.D.

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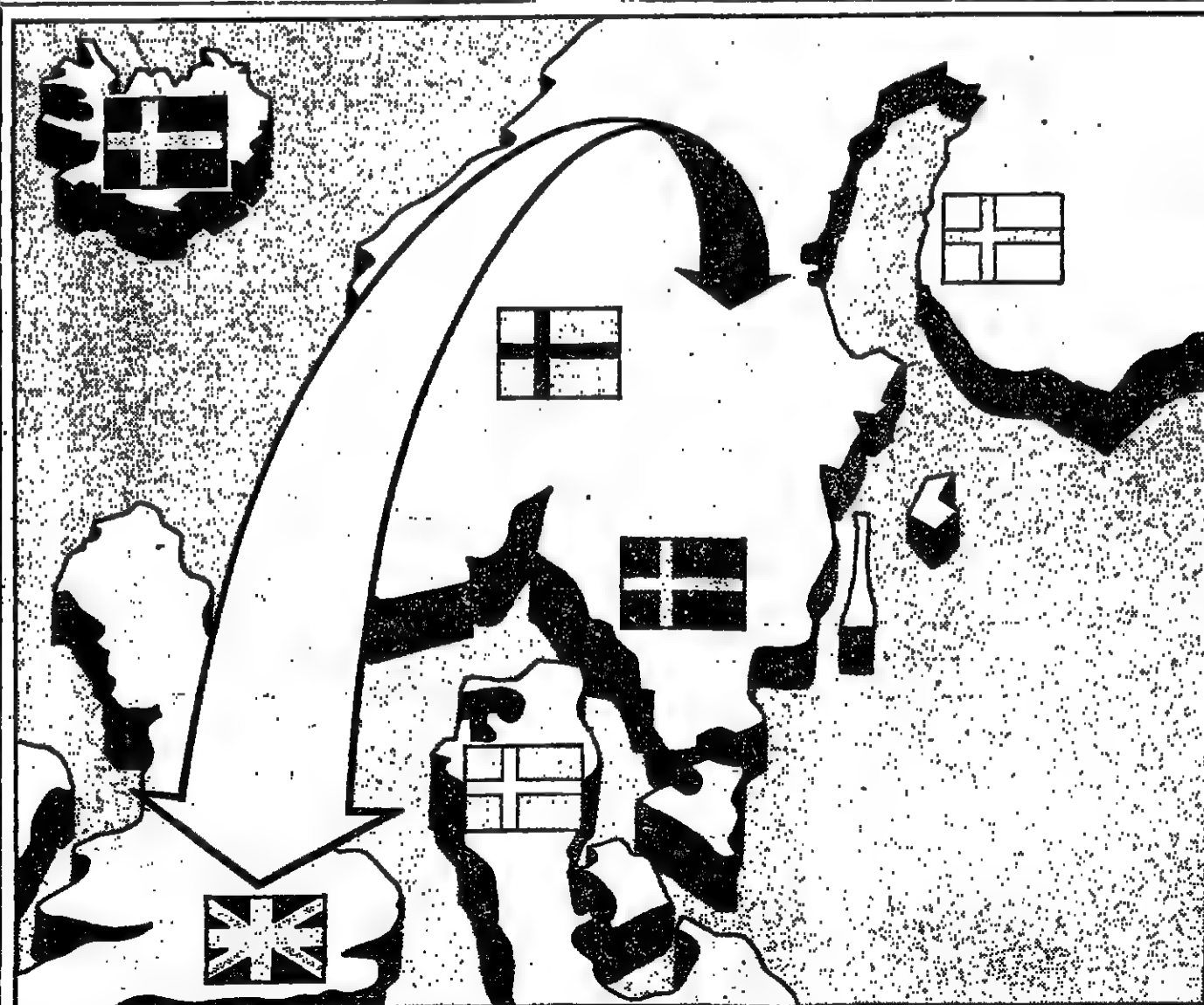
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DENMARK IV

Danish farmers have experienced both good times and bad during recent years. There is little cause for long-term gloom, although there is a growing need to attract young people into farming.

Agriculture

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SINCE 1973 Danish agriculture has had to absorb a series of upheavals. The impact of joining the EEC, the rise in world food prices, the oil crisis and its consequences, the dollar-rape of the pigmeat canning and processing industry, and the devaluation of sterling and changing U.K. bacon habits. In their various ways, these factors have all had, and are still having, a permanent influence on the development of the Danish industry.

Agriculture emerged into the 1970s heavily supported by subsidies, the income of the average farmer well below the income of the skilled worker in urban industry, and heavily indebted. The number of agricultural properties fell from 196,000 in 1970 to 130,000 in 1974, and the number of those employed full time in farming fell from 300,000 to 140,000. But the period of waiting for EEC membership was not so much one of decline as rationalisation. The average farm size rose from 15.8 ha. in 1960 to 22.4 ha. last year, and the declining agricultural population sustained a more or less unchanged level of output. The rationalisation process was also painless and caused no protest movements to emerge. Booming urban industries absorbed the labour which left the land without any trouble.

Agriculture's relative importance to the economy declined sharply through this period. In 1960 agricultural exports, including the products of the canning and processing industry, accounted for 52 per cent of exports. Last year the proportion was down to 26 per cent. But the net foreign exchange earnings of agriculture, as the farmers' leaders never tire of pointing out, is still high—amounting to about Kr.6bn. last year for primary agriculture, excluding the canning sector.

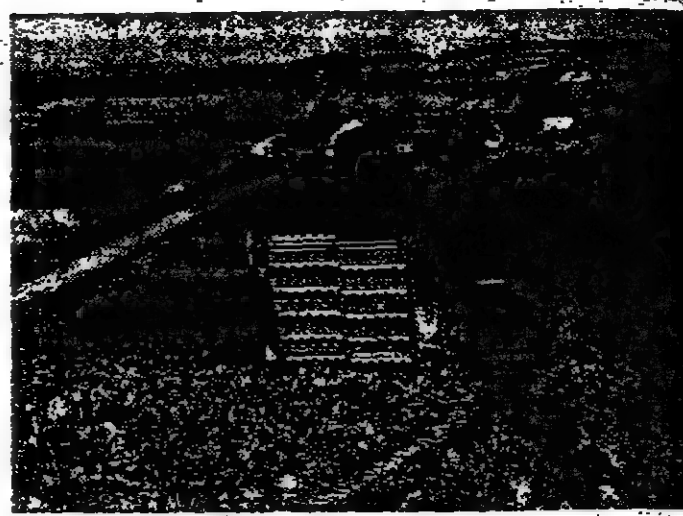
EEC membership promised to restore the economy of the sector, which it did in 1973, with high world food prices adding a bonus. Agricultural export income shot up by 45 per cent, or Kr.3bn. in 1973. All the direct subsidies were removed at a stroke, but nevertheless average farm net incomes rose by 33 per cent, catching up for the first time for a decade with the industrial worker's earnings.

The euphoria was short-lived, however, partly because conditions deteriorated again for the pig and poultry farmers and the price of fertilisers rose, and partly because the farmers felt themselves to be the victims of an unprecedented political hostility. Not only were all the subsidies removed overnight, but new land taxes were imposed on the farmers and capital gains taxes were increased. The persecution of the farmers, as the farmers see it, had serious and measurable consequences in the form of keeping young farmers from coming into the industry and making older farmers hang on to their properties because only anything to gain by their selling. This has detracted from the dynamism which should have come from an influx of young blood.

The long-term prospects for the future of agriculture were assessed in two lengthy reports which came out in 1973, an official report which said that output should rise by 3 per cent a year from 1972 to 1987, with a 6 per cent annual fall in the labour force being compensated by a 6 per cent rise in productivity. A condition of increased output, however, was an increase in investment at an annual rate of over 10 per cent in real terms. The other report, by economists from the Royal Agricultural College in Copenhagen, concluded that output would remain virtually unchanged, but it assumed a lower and probably more realistic investment growth.

So far both reports are slightly off course, as output of animal products has increased by between 1 and 2 per cent a year, but with considerable variations regionally and between the most important products. More and more of the output of pigs and cattle is coming from Jutland, while the farmers in eastern Denmark, where the soil is in general of much better quality, are taking their earnings on corn and other arable crops.

A more unexpected development is the swing into the cattle sector and out of pigs. After declining steadily since the early 1960s, the dairy herd is now recovering. Since June,



Mechanisation of Danish agriculture has halved manpower during the past ten years.

1972, the cow herd has risen from 1.12m. to 1.17m., and the number of bullocks from 352,000 to 523,000 (down on last summer's peak of 535,000). The pig herd in the same period has fallen from 8.3m. to 7.7m.

While pig slaughtering fell 4 per cent last year, and is expected to show a further fall of about 5 per cent this year, beef and veal production jumped from 204m. kg in 1973 to 216m. kg in 1974 and has continued to rise this year. It is not only improved prices in the EEC which have encouraged the dairy farmers and beef producers (and they are usually one and the same under Danish conditions), but the fact that the EEC's intervention system, which provides the farmers with a safety net, works more smoothly and efficiently in these sectors than it does in pigmeat sector.

Developments in the pig sector, on the other hand, have been decidedly disappointing over the last two years, and the number of bullocks from pig breeders and the canning and processing industry are faced with several discouraging prospects.

The canning industry, which exports about 35 per cent of its output to the U.S. and another 35 per cent to the U.K., is the victim of multiple injuries. In the case of the U.S. market, demand slumped last year, the dollar price fell, the dollar was devalued, and the EEC's export restitution payments were cut.

At the same time, costs in the Danish slaughterhouses soared. Exports to the U.S. in the first half of this year were 30 per cent down on exports in the same period last year. With sales down, the U.K. also falling, the labour force has cut back its output by about a quarter over the past year. Industry spokesmen now hope that the U.S. market will stabilise at since 1973, probably the best

about its present level, but they are not optimistic about the U.K. market. This leaves them wondering whether they can break into the continental market, which requires new products, a new sales apparatus and, preferably, a heavier pig than the streamlined bacon animal.

As for bacon, the situation in the U.K., which last year accounted for 45 per cent of total agricultural exports and over 50 per cent of pig meat exports, has the pig producers twitching nervously. Demand for bacon is falling off because the bacon-and-egg breakfast habit is losing its hold on the British public and at the same time the real purchasing power of the U.K. consumer is in steady decline. This is reflected in the devaluation of sterling, for which the Danish farmers receive EEC monetary compensation, but this only amounts to about half the effect of the devaluation.

The dilemma again is that there is no simple alternative to the British market. Excellent prices can be obtained in other non-EEC markets (in Japan this summer, for example), but these markets are not stable and are liable to be closed overnight by import restrictions. There is a potential market in the EEC, but it requires the heavier pig. The Danish bacon factories export association is currently conducting a large-scale experiment in slaughtering the heavier pig in order to establish the costs and potential profitability of moving into this field, but it is a long-term project aimed at a market which is already highly competitive.

In spite of the problems and disappointments which the farmers feel they have experienced since 1973, probably the best

year they have ever had, are good reasons for ending on an optimistic note. The change in the relationship between prices of corn and pigmeat made pig profitable again this year. The capital gains tax should speed up the change generation which is so strong in the age-heavy population. Protein prices are falling as well, benefiting dairy and cattle farmers, although fertiliser prices, if risen, this does not affect ability to compete against farmers in other countries.

Dropped

At home, mortgage interest rates have dropped from 18 per cent last summer to about 10 per cent to-day, and prices of wage costs have stabilised at a rate of increase which is in line with developments in other EEC countries. Life expectancy seems to be high with mortgage credit to agriculture increasing by over 50 per cent in the first half of year.

The farmers have also claimed that the real benefit of the EEC was that it enabled them to compete on equal terms with the less efficient Continental farmers, only in the outcome is that while the Danes have seriously restrained from doing any form of farm support for the farmers, some else has introduced a form of subsidy. It is not to regret their virginity, and the cardinal desire of farmers to-day is the abolishment of national support measures and a restoration of support on equal terms.

Danish industrial philosophy concentrates on making high-quality products in small quantity for limited and specialised markets. Exports have been hit during the past year, but there are still markets, even within the EEC, that can be exploited.

Industry

being a components supplier is that, while it offers flexibility and allows for quick adjustment to market fluctuations, it will be hit by a general depression. For any industry as export oriented as the Danish, the kind of recession from which Western Europe has been suffering is painful. Danfoss is solid enough to get by, but other concerns facing mounting costs on a declining market have been hard pressed.

In its memorandum to the Government calling for a long-term industrial policy, the Federation of Danish Industries summed up the situation. Taxation resulting from development of the social services has risen more steeply in Denmark than in any other industrial country. The hourly wages in Danish industry doubled between 1963 and 1970 and have doubled again since 1970. Price regulations and inflationary cost rises have undermined company earnings and capacity to reinvest. Industrial investments dropped by 1 per cent in 1974 and are calculated to fall another 15 per cent this year.

Order stocks at the end of June were 10 per cent lower than a year earlier. Industrial exports fell by 6 per cent in real terms in the first six months of this year compared with the corresponding period last year. Capacity utilisation averaged between 70 and 75 per cent.

The Government offered the short-term expansionary package outlined elsewhere in this Survey and declared its intention to operate a long-term policy to help industry. The Federation was seeking a series of Government measures, including wage restraint, cost stabilisation strengthened by tax cuts and savings in public spending, easier access to finance, insurance against currency losses, the abolition of double taxation on shares, changes in price regulations, soft loans to meet the cost of introducing environment protecting equipment and a long-term improvement in the depreciation allowances combined with a system which allowed losses in one year to be spread across more than one year for tax purposes.

It was an impressive shopping list, but the mainly fiscal measures asked for scarcely add up to an industrial policy, which would have to concern itself with the future direction, the shape of Danish industry. There is room for further restructuring of industry. The very well without an industrial textile industry, which for long provided the Government with a source of revenue, needs to be pruned and the social services need a sound production base.

One of Denmark's eminent economists, Professor Thorkil Kristensen, remarks earlier this month that, if prospects for the small and medium-sized Danish concern were better than pessimists believed. More and more big international companies were handing over specialist manufacturing to small sub-contractors, whose size enabled them to decide more quickly on the innovations needed to meet their customers' demands.

Danish industry's major current problem, the partial collapse of its foreign markets, itself with the future direction, the shape of Danish industry. There is room for further restructuring of industry. The very well without an industrial textile industry, which for long provided the Government with a source of revenue, needs to be pruned and the social services need a sound production base.

W.D.

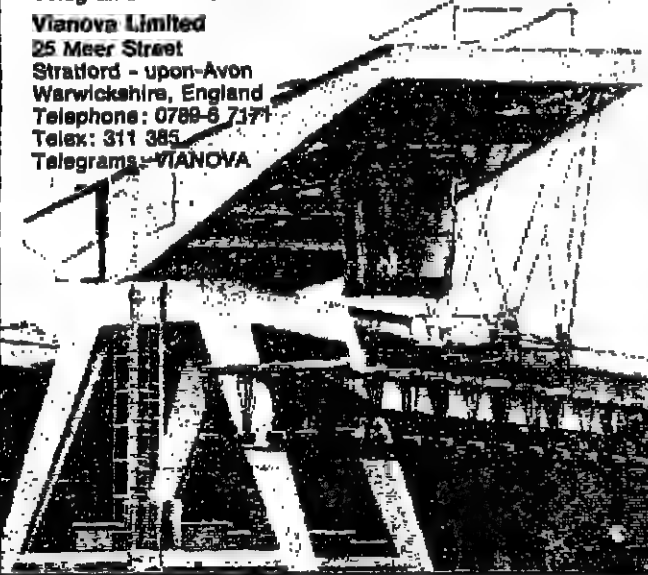
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Blossomed

The question is whether the demand for a Government policy has blossomed out of industry's current difficulties and will fade once the market recovers or whether it responds to a genuinely felt long-term need. Denmark's few big capitalists certainly oppose any increase in Government involvement in their affairs, and they are supported by the bulk of the self-made businessmen who run the numerous small family concerns and companies. But many of the technocrats and professional managers, running the medium-sized companies seem to feel that a moment of truth has arrived for Danish industry, which calls for a concerted national policy.

Like many of its counterparts in other countries the Federation for Danish Industries, whose members span a wide range of interests, is divided on the matter. Although it asked the Government to formulate a long-term industrial policy, it does not seem to have very clear

ideas about the content and extent of such a policy, and some of its more powerful members even object to the limited initiative it has taken so far.

Apart from the railways, the post office and an infant oil and gas company, the State has almost no direct participation in industry. The big majority of Danish businessmen want to keep things that way and are highly suspicious of the Social Democratic Party's revived interest in the idea of economic democracy.

It is admittedly not easy to define an industrial policy for a country which has given little thought to it in the past and has managed quite successfully without one until now. Danish industry is a model of small, private enterprise. It has only a handful of large companies and, practically no heavy industry but is represented in most light industry fields. OECD statistics dating from 1971, but which are still generally valid, show that only 16 per cent of the Danish industrial labour force is engaged in concerns with 1,000 employees or more; this compares with some 42 per cent in Sweden. In contrast about 38 per cent of Danes work in concerns with less than 100 employees.

When Norwegians and Swedes were emigrating in their thousands to the United States, the Danes were living well from their farming and at the same time developing a sound educational system. In consequence their rather late entry into industry was agro-based and led by well-trained engineers and chemists. Their major companies still specialise in farming and dairy plant, construction materials and chemicals.

From the chemicals and fertiliser side has sprung an advanced pharmaceuticals branch, while more recently Danish inventiveness has produced a swift expansion of specialist electronic and machinery manufacturers. Thus Danish industry is highly diversified and although there have been surprisingly few failures considering the smallness of many companies and the sharpness of the competition, there is considerable mobility with company fortunes waxing and waning in line with product and market changes.

Government policy of maintaining high domestic interest rates, in order to compel firms to borrow abroad and help meet the payments deficit, has been grumbled at but has not seriously handicapped industry in the past. The banks have become skilled at raising loans for even small companies abroad, and Danish companies have not suffered from a lack of loan capital. During the

boom years up to 1973 they were also able to command high prices, profits were good on average and many companies were able to increase productivity steadily through investment in efficient, up-to-date equipment.

Doctrine

From these premises the Danes developed their "niche" philosophy during the 1960s. One of the most urgent exponents of this doctrine, which is fundamentally a product philosophy, was given in a lecture earlier this year by Mr. H. K. Joergensen, Managing Director of the DISA group. A basic principle is that it is better to go for a large share of a limited market than to win a small share of a large market, because a small producer on a large market will always have problems in meeting the low unit costs of his bigger competitors. A Danish managing director will, therefore, look for a market that is not too big for him to cope with and in which he can hope to meet the research and development costs.

"If anyone came to me with that an advanced electronic product and said there is a world market of Kr.2bn. for this, I would say, No, thank you," Mr. Joergensen says. "We know that an advanced electronic product has a research and development input of between 10 and 14 per cent. A competitor with one-third of the market would thus have put in 10 per cent of Kr.2bn. divided by three—Kr.66m. in research and development expenditure. We cannot match that and the battle would be lost in advance."

A Danish electronics company will find a "niche," a limited market which it can supply with products containing a large research content, of high technical quality and commanding good prices, which will enable it to pay its skilled labour high wages. The corollary for this type of operation is that the company must continuously come up with fresh ideas for product renewal; it must also always have something up its sleeve.

Several internationally known Danish companies illustrate the philosophy. Danfoss, which started with an automatic refrigeration valve, has become one of Denmark's largest concerns with an annual turnover of Kr.1.5bn. due to its planned product development, which has led to a series of automatic controls, speed regulators, hydraulic components, compressors and boilers.

But even Danfoss has felt the current slump and has been reducing staff, more through natural wastage than through dismissals. The drawback to

Copenhagen, in spite of its high prices, is achieving a growing success as a conference and tourist centre. But its transport system is under pressure and companies are beginning to look for cheaper labour and more space.

Copenhagen

DENMARK IS largely English-speaking, clean, a country where mark has so far this year played can still walk alone at host to some 80 international and the Danes are rather conferences and it is Mr. by," says Mr. Gunter Rehder, "conservative, est- at, marketing manager of mate" that the actual total is Danish Convention Bureau, at least double. This is better rt explanation of Copen- than last year and though, by 's continued success in the one of the quills of the busi- ational-business congress ness, next year's bookings do trade exhibition field, but look promising, the pros- al, though fighting off pests for 1977 are fairly rosy. recession and increas- And, as a polished symbol of ough competition from confidence in the future, the est of Scandinavia, few of Kr.223m. glass palace of the ountry's foreign exchange new Bella Centre was officially g industries have done as opened by Queen Margrethe To the certain knowledge on September 5—the biggest

exhibition centre in Scandinavia and the only centre in Europe with permanent mart, confer- once and exhibition facilities under the same roof. It was the old Bella Centre (built in 1965 and which by the terms of the 12-year lease from the municipality of Copenhagen is supposed to be dismantled, but which may yet be used for some social purpose) that helped establish the city as the region's leading shop window. Owned by a consortium of the State, the city, a number of banks and the Industrial, Agricul- tural, Wholesale and Retail

Boards, the new centre lies handily between Kastrup, Copenhagen's airport, and the city centre. It will house in its 280,000 sq. metres of perman- ent exhibition space the Scandi- navian Home Furnishings and the Scandinavian Fashion, and hopes eventually to find a permanent resting place for Scandinavian Gold and Silver and Handicrafts. This, collec- tively dubbed the Scandinavian Trade Mart, forms the new centre's core. The centre's Con- gress facilities can house up to 4,000 people if necessary, although the main hall can be split three ways. Grandiosely re- ferred to by the management as a "commercial communications centre," the Bella Centre also throws in marketing research help, a marketing information "bank," two TV studios and a special Bells Centre TV produc- tion team for the use of exhibi- tors. With 30 fairs and exhibi- tions booked for next year and 20 conference bookings made up to 1980, the centre hopes to double its turnover by 1980.

hanging fire for the moment, arguing that the city's existing hotels are not yet bursting at the seams.

Diminish

Those Danes worried about Copenhagen's rapid growth take some comfort from the fact that the size of conferences has of late tended to diminish—some 80 per cent have less than 200 participants. But tourism has not let up. The foreign exchange earnings in the first five months of this year were Kr.1.2bn, up 14 per cent on the same period last year. The top spenders are the Swedes, the West Germans and the Americans in that order—with the Norwegians and the British a long way behind in fourth and fifth places. Worried, like the Convention Bureau, about the deterrent effect of Denmark's high prices (and they are very high) the Danish Tourist Board is throwing all the country's resources into the front line, even offering a tour of the social services, creches, old people's homes, etc. It also runs a tourist complaint service—suffering, to paraphrase Shakespeare's Danish prince, the slings and arrows of out- raged tourists. Danes tend to raise a bemused eyebrow when foreign visitors still slaver about Copenhagen's reputation as the sex capital of Europe. For them the fuss about the legalising of pornography has long died down, and almost all the "live sex" shows have apparently closed down through lack of interest.

The second strain placed on the city by its development as a conference, trade and tourist centre is transport. Kastrup, which handled as many as 8.1m. passengers as long ago as 1972, is Europe's fifth busiest airport. A new airport has long been pro- posed on the Danish mud-flat island of Saltholm, which lies in the Sound between Denmark and Sweden and which would be joined to the former by a tun- nel and to the latter by a bridge. It had been agreed, by treaty, that Sweden would pay for the tunnel and bridge and Denmark for the airport. But this spring a majority emerged

in the Folketing against the plan, largely on the grounds that the energy crisis and a slacken- ing in air traffic growth post- poned the need for such an air- port. As a result the two governments have dropped the plan, agreeing to look again at it in 1977.

One of those passionately in favour of the early building of Saltholm is Copenhagen's veteran Lord Mayor Urban Hansen. He is very worried about the general growth of the city and argues that Kastrup can never handle more than 12m. passengers a year, that it restricts housing expansion and that Saltholm could comfortably bear 40m. passengers a year. Already the city has lost much of its traditional shipping role to ports like Gothenburg and Hamburg, despite low harbour taxes and a good workforce.

Students

Copenhagen, Mr. Hansen gloomily points out, is now the same size as in 1930, having lost some 200,000 people to the suburbs and other parts of the country since 1950. The wage earners have left, the students have moved in to take advantage of the State footing the bill at the numerous educational facilities of the capital, and the pensioners (who now form 25 per cent of the population in Copenhagen proper) have stayed. As the city's tax base has been eroded, demands placed on municipal finances by social service programmes have also risen. The Lord Mayor points to the example of the 2,700 old people's flats that have been built in the last ten years and which now each cost Kr.100,000 to run. Many of the city's companies are beginning to move elsewhere in search of cheaper wages and more space. In 1973-74 the tax base shrank by Kr.126m., largely because IBM chose to go elsewhere, and in 1974-75 423 companies left and the tax base shrank a further Kr.137m. Copenhagen, in the view of its Lord Mayor, certainly needs those business- men and tourists.

David Buchan

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The people of Jutland have in the past shown strong resentment of Copenhagen's dominance in Danish affairs. But today the Jutlanders can point to a solid record of industrial growth, made easier by the ample resources of available land and labour.

Jutland

HAGEN IS wonderful, come somewhere near the cor- rect pronunciation, best known t, but there are about as many who do not live in the environs of the capital as there are less than con- that the city is so. In fact, the domi- the capital and its in the Danish way of out a third of the popu- concentrated in the a source of constant n to the other two- most influential and newspapers tend to read be Copenhagen local The State television, so minicals argue, has a fixation, physically and xically. The metropolis, m hold on cultural life, is nice for the Copen- s, but the Jutland strongly resent paying, subsidise the theatre ra-going activities of the Copenhagen.

id ng apart, the Jutlanders people of Funen, the in the Belts between and Zealand, feel that ally, at least, they have ot to boast about. Of the ly few Danish companies names are well-known, most come from Jut- ego, the manufacturers, plastic bricks, Bang and television sets, and equipment, Danfoss, k's biggest industrial y, making automatic- ture control equipment, ip, canned and packed.

capital of Funen, of is Odense (emphasise the nose as you hagen but also from the penin- ough D. ignore the E, zula's strategic position in re- notice the N and con- lation to Germany and the other th a "ze" and you may Scandinavian countries. Now

Twenty years ago Jutland and, to a lesser extent, Funen were very obviously the poor cousins, with a markedly lower income level than Copenhagen, consistently higher-than-average unemployment rates, a much lower degree of industrialisa- tion, and high local taxation levels. These symptoms have not been entirely eradicated in all areas, but the differences between the Jutland towns and other towns are to-day much narrower than they were. On a visit to Jutland last month, the proud boast of several towns was that, although the recession had hit them hard, their un- employment rates were only average for the country.

The explanation for rapid im- provement in the absolute and relative positions of Jutland, economically speaking, is that, when the post-war industrialisa- tion boom set in from 1958 on- wards, Jutland had a lot of catching up to do, but this in itself was an advantage. There were ample resources of land and labour, both endemic in short supply in the Copenhagen region and much more expen- sive there. Most of the best known Jutland companies have to all intents and purposes grown up since the war, while the best known companies in Copenhagen, East Asiatic, Carls- berg-Tuborg, A. P. Moeller, for example, date back to the turn of the century or earlier.

Interest in Jutland as an in- dustrial area stems not only from its advantages over Copen- hagen but also from the penin- ular's strategic position in re- lation to Germany and the other Scandinavian countries. Now

that Denmark is a member of the Common Market, proximity to Germany and the large mar- ket in the Hamburg region should be an advantage, though there is one impediment. The regional development benefits offered by Schleswig-Holstein are better than those offered in the regional development areas of Jutland. It is a sore point, which the Danes are trying to sort out through negotiations with the German Government.

With the exception of the area round Århus, population 240,000, Denmark's second city, and south to Kolding and west to Silkeborg, Jutland constitutes a regional development area. The northern tip and the extreme south-west corner are classed as special development regions.

In both classes of develop- ment area, municipalities can obtain State loans covering 75 per cent of the cost of erecting factory buildings for lease to companies. Companies them- selves can obtain State loans on favourable terms for establish- ment in these areas, and in the special development regions State investment grants cover- ing 25 per cent of total invest- ment costs are available. State loans are given at 7.5 per cent interest over 20 years for fixed plant and ten years for machinery and equipment. Deferral of repayment is per- mitted in order to give com- panies time to overcome initial difficulties.

Assistance

These programmes are admin- istered by the Regional Develop- ment Directorate in Silkeborg. The Ministry of Labour operates a supplementary pro- gramme for providing financial assistance toward the cost of training labour required for the establishment or expansion of

Industrial companies in the development areas. In the current financial year the Directorate will have over Kr.200m. to make available from Danish sources, plus Kr.37m. from the European Investment Bank. At a time of considerable difficulty for Danish industry to switch their decline in new investment, it is notable that there has been no falling off in applications to utilise the regional develop- ment funds.

Jutland's connections with the rest of the world are excellent. There are links from Copen- hagen to Århus, Ålborg, Bil- lund (the Lego plant), Esbjerg and Sønderborg, as well as to Odense. There are ferry connec- tions from north Jutland to Gothenburg and Oslo, while Esbjerg on the west coast, population 80,000, is the country's biggest container ter- minal, the centre of the bacon and butter trade with Britain.

A century ago most of Jut- land was covered either by moorland or sand dunes. The land reclamation of the last century, much of it carried out by men trench-digging the sandy areas to turn up a modicum of fertile soil, enabled the peninsula to become the back- bone of Denmark's agricultural wealth in the early part of this century (and still to-day if you want to find the modern Danish farms you have to go to Jut- land). Their inheritance is said to have left the Jutlanders rather dour, but Kai Munk, the greatest Danish dramatist of this century, who was also a village pastor on the west coast, advanced the theory that the west Jutlanders and their neigh- bours on the east coast of Eng- land understood each other per- fectly. For both of them, speak- ing mostly consisted in saying nothing, he said.

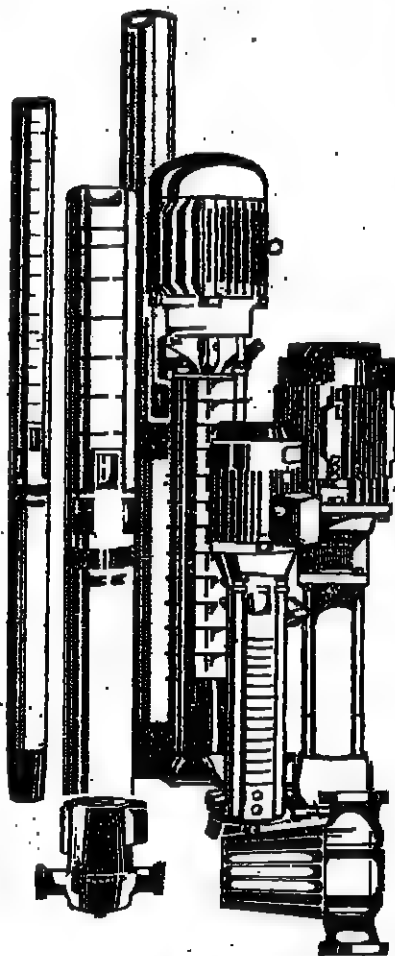
H.B.

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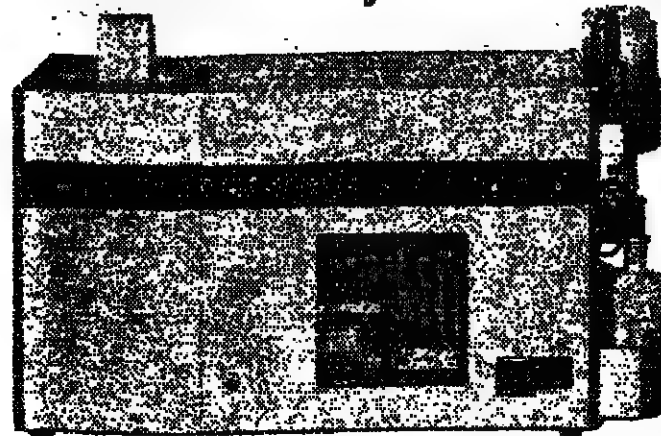
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DENMARK VI

The Danish engineering industry concentrates on using the country's "knowhow" by dealing mainly in specialised goods and leaving the mass markets to bigger concerns. Although the recession is beginning to bite trade with Denmark's Nordic partners has held up well.

Engineering

THE DANISH engineering industry this year rose by Kr.614m. compared with the same period last year to a level of Kr.3.6bn. A stout performance from a sector that is by international standards a collection of micro-companies of the Federation of Danish Mechanical Engineering

and Metalworking Industries, 80 per cent. employ less than 100 people. In what is very much a Danish phenomenon, many of these tiny companies have helped each other into the export market by group or informal consortium operations—a trend encouraged by the Federation of Danish Industries which will provide up to 50 per cent. of export promotion only for groups of 4 companies or more. Alternatively, many of Denmark's small exporters have been able to place their products with trading houses, like the giant East Asiatic company which has 250 branches all over the world.

But the real success of Danish engineering has been to use Danish "knowhow" to sell "niche" (two favourite words on the lips of Danish managers) or specialised products—whether components for other countries or finished investment goods. The formula is to leave the mass markets to the bigger boys, and exploit high Danish educational standards to get a good price for a quality product on a limited production run. But general recession is beginning to bite, though perhaps a little later in Denmark than elsewhere because trade with its Nordic partners has held up well. One problem about all those specialised "niche" products is that they are relatively price inelastic and therefore there is little scope for price cutting. An unpublished survey by the engineering federation of its 131 biggest members, accounting for half the industry's production, shows that turnover rose 24 per cent. last year on the previous year, but profits were up only 3 per cent. As this was in current prices, it indicates a net loss.

Innovation

More important for a country that prides itself on its innovation record, investment is slowing down (fixed assets increased only 13 per cent. between 1973 and 1974) and much less of this has been self-financed. Like the Danish State, engineering has been a heavy foreign borrower: between 1973 and 1974 borrowing from abroad, both short and long term, rose by 47 per cent. in those companies sampled by the federation. The most optimistic forecast puts the increase of sales this year at 5 per cent., and the general view is that investment will stagnate for much

longer. Probably the only short-term effect of the Government moves in the first part of September to reflate the economy will be in the household machinery sector, which is not large.

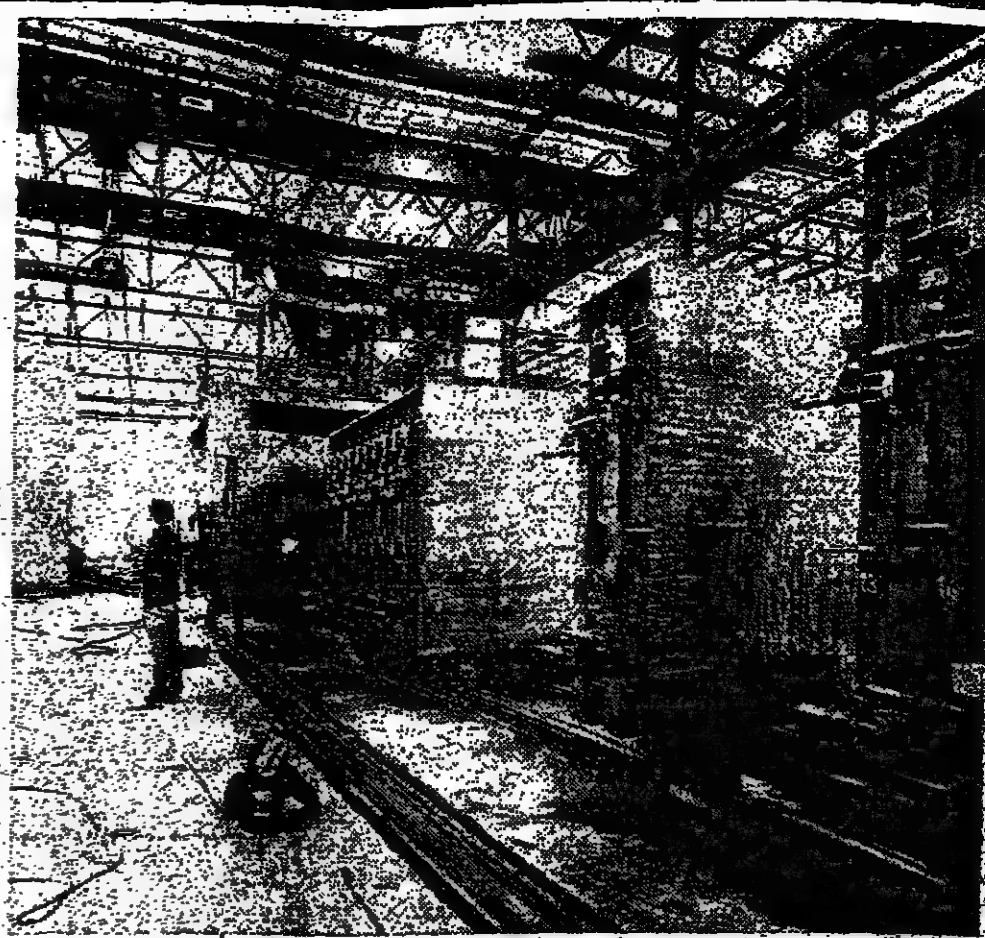
All is not gloom, however. There is the political windfall of the subcontracting on the General Dynamics F-16 fighter that is to be spread between the four European Nato countries buying the American aircraft. A number of Danish engineering companies is bidding at the moment for the Kr.1.5bn. in work that the F-16 will bring over the next ten years. One such is the highly successful DISA (Dansk Industri Syndikat A/S), which is tendering for the ammunition handling system, the fire control system and gearboxes on the aircraft. DISA's vice-president, Mr. Per Soholm, thinks that DISA is in a strong position for these orders because with the backing of the A. P. Moeller group it has more financial scope than many companies of similar size and because of the company's reputation for precision equipment built on the Disamatic foundry of which 520 have been sold world wide since 1964. DISA is typical of the industry in concentrating on a few proven product lines.

Denmark has had a surplus on know how in the traditional sense of licensing since 1961; last year know how exports amounted to Kr.252m. and this surplus has trebled in the last ten years. But what has stimulated the whole of Danish industry, and not just the engineering sector, has been the new shape that know how exports have been taking—the turnkey idea. The concept, whereby a complete hotel, housing project, foundry, slaughter house, dairy or brewery is delivered to the customer who has only to push a button or turn a key, is particularly well suited to Denmark for two reasons. The first is the Danish habit of group collaboration. The second is that Denmark has long prided

itself on its concern for the less developed world which is precisely where the demand for turnkey projects is, for obvious reasons, the greatest. The Danes are, for instance, great coffee drinkers and since 1967 the proceeds from the import duty on coffee have supported the Industrialisation Fund for Developing Countries, which helps Danish companies to go into joint ventures in the Third World. Danish managers also feel that the low political profile of Denmark and the small, unassuming size of the country is an important factor when developing countries come to choose which business partners to embrace. Not surprisingly, the oil rich Middle East is now a prime target for Danish turnkey exporters: Danish exports in general more than doubled to the Middle East OPEC countries to Kr.685m. last year. That was just as well because Denmark, which has virtually no energy supplies at all, had to import Kr.2.25bn. from the same countries.

Apartments

Last year Denmark signed a co-operation agreement with Iran which stipulated that Danish companies were to build 100,000 apartments over five years and two of a complex of a dozen new hospitals that the Iranians are planning. The five biggest Danish companies in the prefabricating field have combined to build the apartments on a turnkey basis. One of the hospitals that was to be built by the Danes has been postponed by Iran and the other contract, it seems, may in fact go elsewhere. But two Danish companies have put in a tender for it—Danish Turnkey Hospitals, led by the contracting company of Højgaard and Schultz, and Danish Turnkey Projects which is an offshoot of Danish Turnkey Hotels. Højgaard and Schultz is already heavily involved in the turnkey housing business, having just set up a \$120m. plant for prefabrication in



A concrete plant for continuous production of wall elements for modern buildings produced for export by Thomas Schmidt

Libya, and is also negotiating with Saudi Arabia to set up a network of some 20-25 small hospitals (200-250 beds).

Danish Turnkey Hotels was one of the first formally to enter the turnkey business, in 1968, and has been one of the most successful. It has, for instance, built some 12 hotels in Africa at a total cost of \$50m. And it has also acted as the central purchaser for a considerable amount of Danish stainless steel equipment—as a byproduct of its hotel contracting experience—for developing countries.

Its managing director, Mr. Ole Rehfeld, likens his company's system to that of the shipbuilding industry in that it will give a complete quotation just on the specifications.

Many of the smaller Danish companies dealing with the bigger turnkey projects often have difficulty in meeting the 10 per cent. performance bonds that many Middle Eastern countries now demand. One company that can easily cope with such problems is P. L. Smith, a giant of Danish industry and cement specialists with 30 per cent. of the world trade in cement. The company continued to do well in 1974 largely because of an order for a turnkey cement plant in Iraq (to produce 2m. tonnes of cement a year)—the company's biggest ever single order. In-

creased business in the Middle East may offset the slacker demand for the company's slurry drying plants and incinerators for industrial waste in Europe.

In the turnkey foundry field, the name of DISA again crops up. Since 1973 DISA has been offering itself as the main contractor for new foundries, and as such it goes outside Denmark for some components, although each new plant gets its Disamatic. It has done particularly well in this turnkey role in East Europe and the Soviet Union.

Milk

Tuborg Carlsberg, the world's largest beer producer, is not generally on a turnkey basis as it tends to retain control of them as subsidiaries. The milk business, of which the Danes have had as much experience as of beer, is another matter. Danish Turnkey Dairies, based in Aarhus, will build anything anywhere cows are found—plants to provide cheese, yoghurt, baby foods and ice cream (it has built a complete ice cream factory for Kuwait). Like most of the other turnkey contractors, DTD will undertake to deliver its dairy by a set date at a fixed price in a single contract. In the food-processing line, the biggest turnkey contractor is Atlas, a

At last the long term prospects for Denmark in North Sea exploration are looking brighter with the opening up of the West Greenland offshore area. The Danes have had many disappointments so far but now the Government has announced its intention to play a major role.

North Sea oil

NORTH SEA oil has so far been a hard-luck story for the Danes. Their disappointment over the delineation of the Continental shelf (the Norwegian Ekofisk field is not far north of the border) has been compounded by the geological difficulties of the few structures in which they have struck oil. Now, however, the opening up of the West Greenland offshore area for exploration offers much better long-term prospects: geologists believe that Greenland could be the world's next major oil province.

Trade and Industry Minister Erling Jensen underlined the Danes' reviving hopes, when he suggested last month that it was time for Dansk Olie og Naturgas, the State-owned oil and gas company, to become involved in exploration. Mr. Jensen was signalling the companies involved in the Danish Underground Consortium, which operates the North Sea concession, that the Government was interested in participation and willing to put up capital. The Government also believes that the State company, which has so far been marking time, should gear itself to become the vehicle for the participation which the State has ensured in any Greenland discoveries.

Olie og Naturgas would also like to develop a gas network in Denmark, to retail the natural gas from the Danish sector of the North Sea. More ambitiously it has been talking to the Norwegians about the possibility of landing Norwegian offshore gas in Jutland by pipeline for further conveyance by land to Sweden and the Continent.

Denmark consumes some 18m. tons a year of oil or oil equivalent energy, all of which is imported; it is a major factor in the country's perennial payments difficulties. Danish hopes were high when in 1962 A. P.

Moeller, the shipowner, was given the exploration and production concession for Denmark and formed the Danish Underground Consortium (DUC) with Gulf and Shell and, later, Chevron and Texaco.

The DUC has so far spent just under Kr.600m. (\$47m.) on exploration since it started seismic surveys in the North Sea in 1963 and has produced about 400,000 tons of oil. Current production is around 5,000 barrels a day. The most promising discovery was made in the Dan Field in 1971 and when production started in 1972, it was hoped that the field would be producing 1.25m. tons a year by 1976.

Chalk

The Dan oil, however, lies in chalk formations, whose permeability has proved to be a major obstacle. The DUC is currently pumping down sand at a pressure of some 5,000 psi in an effort to improve the flow. It has cut back its production estimates severely and now expects to produce 300,000 tons in 1976 and, with a third platform installed, perhaps 500,000 tons in 1977. If the decision is taken to put in a fourth production platform output could rise to as much as 800,000 tons in 1978.

The total Dan development would by then have cost some Kr. 750m. (\$59m.) at 1975 prices. The DUC calculates that, if the price of oil remains stable, it should get an income of about Kr.250m. (just under £20m.) from a production of 500,000 tons a year. The recoverable reserves of the Dan Field will vary according to the success or failure of the sand-tracing technique, but are thought to lie between 7.5m. and 15m. tons.

but only the Dan field has been considered ripe for development. Earlier this year the Orion rig drilled a second well in the N structure and struck an oil column of an estimated 100-metre thickness, which gave 450 tons on the last day of a five-day production test.

The gas reserves, about which less has been heard, could be more important, although they involve similar chalk problems. One semi-official estimate puts the recovery potential at about 2bn. cubic metres a year of combined associated and direct gas, which would imply that the Danish sector might eventually be able to meet about one-fifth of Danish energy consumption if the technical problems can be surmounted and finance raised.

This prospect certainly explains in part Mr. Jensen's recent hint that the time was ripe for greater State participation. The companies comprising the DUC are understood to hold differing ideas on development. Gulf quit the consortium last year, mainly it is thought because it did not consider it could get the 25 per cent. return on its capital for which it was looking. There has been no suggestion that the Government will not stick to its contractual obligations towards the concessionaire, A. P. Moeller, but the minister's recent statement has put pressure on the consortium companies to make up their minds about further development.

Ice-capped Greenland, however, still offers the more exciting, if even more nebulous, prospects. In April 46 blocks, covering some 18,000 square km. off West Greenland, were granted to six international groups, under terms which could ensure a total return to the State of about 80 per cent. of the net profit from a producing field if it chose to exercise its 50 per cent. option.

The companies are committed to spend about Kr.500m. during the remaining seven of the ten-

year exploration period. The first well should be drilled next year. If the Danes' luck changes, the first Greenland oil could be on the market in the mid-1980s.

Sources in Copenhagen acquainted with the results of the Greenland geological survey say that both Eastern Greenland and the North Greenland slope appear to be more promising than the West Greenland offshore area, but West Greenland has been opened first because its climatic conditions are less severe, the technology exists and the environmental impact is expected to be less. Costs, even if higher than anywhere else yet explored in the world, will be less than for the two other areas.

Given the stiff concession terms and the severe technical challenge of the area, the 20-50 per cent. option held by companies involved must consider the prospects of finding terms oil reasonably promising. Gulf Canada, which belongs to the TSCA-Greco group, shed some light on company thinking in a report delivered by Mr. S. G. Pearson at a Financial Times conference in Oslo this month. Their capital projection showed that expenditure of some \$750m. in 1975 prices would be needed to get a West Greenland field into production.

To get 20 per cent. discounted cash flow rate of return after tax on this investment the field would have to contain about 400m. barrels of recoverable reserves and produce at a rate of 84,000 barrels a day, which alone would be equivalent to nearly one-quarter of current Danish energy consumption. The company puts the cost per daily barrel of production off West Greenland at about \$9,000 which compares with \$7,500 for the northern North Sea and \$5,000 in the southern North Sea and \$300 offshore Middle East. Gulf Canada, which has experience in drilling off Labrador, was also more sanguine

about operating conditions earlier reports. A dynamometer drill ship off "Pelican" type, it said could work for 81 m. latitude-65 degrees 31 m. north along the West Greenland coast. Ice would not pose a serious threat, although weather and rough seas limit the drilling season.

One undetermined factor the ownership of any oil. The 50,000 Greenlanders been pressing for some form of autonomy and it can be assumed that control of petroleum reserves will be a central issue in the forthcoming talks with the Danish Government. At present it would most likely that a local land Government and Danish Government would share a joint venture to exercise State under the concession terms.

Consumers

The State company, Olie og Naturgas, has plans ready to network to pipe natural gas consumers throughout Denmark. The existing "town" gas in Copenhagen could be extended and adapted to 1bn. cubic metres a year, plan is waiting for a political decision which in turn depends on a clarification of positions between the Government and the DUC and a decision on the development of the North Sea gas discoveries. But Olie og Naturgas is going higher. It is bidding to get Norwegian offshore gas landed in Denmark. The market is far too small to absorb the enormous quantities of gas and addition of the Norwegian gas would not be sufficient but the prospect remains: land line to pump gas south to Germany.

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هنا من العمل

DENMARK VII

The Danish electronics industry is now the country's third largest exporter, making goods of high quality (and high price) in both the consumer field—notably hi-fi equipment—and for a variety of scientific applications.

Electronics

THE DANES believe that the electronics industry is the kind of industry in which they must excel if they are to maintain and develop the country's industrial base in the years to come. So far the industry has done well, becoming a major factor in the overall export picture. Last year export of electronics products totalled about Kr2.2bn, making the industry the third largest exporter of manufactured products after the machinery and clothing and textiles branches.

With the high labour costs which prevail in Denmark, combined with the absence of industrial raw materials, the theory is that the industry must aim to manufacture products of exceptionally high quality, usually of a kind for which there is only a limited world demand, enabling manufacturers to make effective use of the high educational standards of the workforce at all levels, from the shop floor to research teams and management.

The strategy of aiming to produce and sell products for which there is only a relatively small demand is almost essential to the industry's success as the use of educational skills to produce better products than other countries. The theory is that for products where there is an extensive demand, whether it is for motor vehicles, teleprinters or television sets, Danish companies will rarely be able to muster the resources which enable them to compete with the major international companies. But the multinationals take only a limited interest in products where there is no prospect of producing a long series. The typical Danish electronics manufacturer, therefore, develops a product, such as sophisticated hospital instruments, where total world demand over a five-year period may be limited to only a few thousand examples.

Typical examples of companies which have succeeded with this strategy are Dista Elektronik A/S (a company in the A. P. Møller shipping and in-

dustrial group), which produces electro-medical instruments for muscle and urological investigations, measuring flow, pressure and muscle tension, and Danfysik, a small company specialising in instruments and apparatus for nuclear physics.

The industry, however, has a wider spread than this special market strategy suggests. The largest of the firms in this sector of Danish industry is Bang and Olufsen, which is the only Danish company still producing television sets. Bang & O has managed to gain its position in world markets by concentrating on the top end of the price range with products which are of high technical quality and superb design. "Danish design" is still an important selling point.

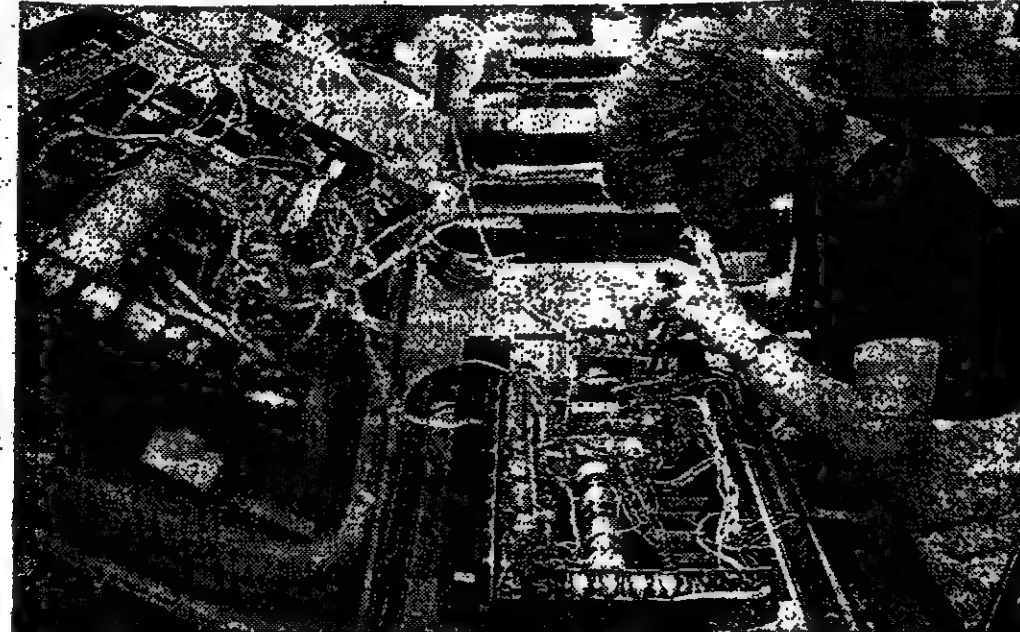
Output

The production of consumer electronics, as represented by Bang & O's product range,

accounts for a relatively small part of the total output and export of electronic equipment. Total output in 1974 was worth about Kr2.8bn. Consumer products accounted for Kr790m, components for Kr567m, and professional instruments and apparatus for Kr1,468m. Exports came to Kr2,2bn, breaking down into components, Kr554m, consumer products, Kr570m, and professional instruments and equipment Kr1,1bn.

The industry's structure is reflected in the high degree of specialisation which characterises the outlook of the manufacturers. There are about 150 companies producing electronic equipment. Only 20 of them have a turnover of more than Kr25m, and a third of them have a turnover of under Kr2m. (1973 figures).

Virtually all these companies, large or small, are very export-minded. Few of them export less than half their output and many of them export over 90 per cent. The home market,



A Bang & Olufsen amplifier in production at the company's Skive factory

with total sales of components and apparatus and equipment in 1974 of Kr3bn, is too small to form a base for production, especially for the specialised products on which the manufacturers concentrate.

The industry has not escaped the effects of the international recession. In mid-year employment in the sector was about 15 per cent, under the level of mid-1973. Deliveries and orders were both running well below the level of last year as well, and the third quarter expectations survey did not suggest that any improvement was immediately in sight.

On the other hand the industry has come through the retreat in good order. Companies seem to have reacted promptly to deteriorating prospects, thus saving themselves from acute financial problems. Only a couple of small electronics companies have gone into liquidation over the last 12 months, according to Mr. Erik Petersen, managing director of Storno and President of the

Association of Electronics Manufacturers.

He said that one of the reasons why the branch was able to come through the crisis relatively unscathed was ability of the small companies in the Danish industry to switch their export effort very quickly. Companies such as his own, producing radio-telephone equipment, have been able with some success to move into the oil-producing countries.

The industry looked to the future with some confidence because it was convinced of its basic strength, its selective product policy, efficient engineers and skilled labour force, said Mr. Petersen. He also pointed out that the association, of which he is president, plays an important role by using its persuasive powers to limit internal competition among members. The aim is to compete with foreign firms and not with each other, a goal which is achieved by preventing product-overlap. This has, of course, by no means

been completely achieved, but the manufacturers of hospital instrumentation, for example, do not hesitate to put down their success in part to a tacit agreement not to compete in any given product range.

An important source of inspiration in the next year or two will come from the Danish decision to buy the American YF 16 jet fighter. The deal involves off-set contracts with Danish industry to a value of \$300m. over eight years, and most of this money will go to the electronics industry. More important than the cash, however, is the transfer of know-how which the contracts will involve. Some of the techniques which will be used will be completely new to the Danes, and this will be a cheaper way of learning them than developing a separate research capacity.

The most serious problem facing management is, inevitably, the explosion in wage costs in Denmark over the past three years. Hourly wage costs in industry rose by over 18 per cent in 1973 and 22 per cent in 1974. So far this year the

index has run 20 per cent, over the level of 12 months earlier. In previous years as well Danish wage rates have risen considerably faster than rates in Denmark's main competing nations. It is a tribute to the electronics industry that in spite of this it has been able to maintain its international market shares.

To some extent management claims that their products are less price-sensitive than products in other industries, but the situation has forced management constantly to think in terms of labour-saving investment and design. As two of the development staff of GNT Automatic in Copenhagen put it, we have to design ourselves out of our problems, both to cut down on wage costs and by ensuring that visual design is better than anyone else's. More specifically, assembly work has to be simplified and minimised and processes developed which cut out the necessity of making time-wasting adjustments to the finished product. "There are no safety margins for Danish companies and no room for management stupidity," as it was put.

Offers

If inflation was not brought under control, Mr. Petersen foresees that more and more investment in electronics would take place outside Denmark. There are so many favourable offers for setting up abroad, he said, naming Ireland and Italy as countries with attractive terms. Storno, in fact, has already decided that a substantial part of its investment should take place abroad, and in the past five years has built up production abroad, to half total output supplementing the manufacturing unit which it has had in Britain for many years with a big new plant in Germany. There is considerable relief in the industry, therefore, that the political agreement on economic policy this month included a Government commitment to prevent a renewed acceleration of prices and incomes.

H.B.

Hospital equipment and pharmaceuticals are among Denmark's major earners of foreign currency, although home sales have slowed down recently. Among the products of which the country is a notable exporter are insulin, penicillin, hearing aids and X-ray equipment.

Pharmaceuticals

THE EXPORT figures for Danish hospital equipment and pharmaceuticals do not seem to be sagging under the impact of the general recession and stagnation in national health service expenditure round the world. Pharmaceutical exports for the first six months of this year were Kr446m, compared with Kr420m. for the same period last year. And hospital equipment, though from a smaller base, has matched this.

The origins of Denmark's pharmaceutical industry lie in its agriculture—the desire to find a useful sideline for the waste from the meat packing industry. The production of insulin, for instance, of which Denmark is the world's largest exporter, consumes large quantities of pig pancreas. The country exports even greater quantities of psychopharmaceuticals (tranquillisers and the like), vitamins and penicillin. Denmark is, according to a recent OECD report, the second largest exporter of pharmaceuticals per head of population—the largest being Switzerland. Continued demand for Danish products has a number of general causes: the improved diagnosis of diabetes cases, the insatiable hunger of the Third World for vitamins, and greater life expectancy.

Lavish

These world-wide factors in an industry that is very export-orientated has more than offset the fact that the Danish health service's spending, in the past so lavish, has for the past year stopped growing. Many Danes troubled by high taxes felt that it was time for a spending curb, arguing that a health service that even owned and ran a recuperation hospital in Spain needed a little pruning.

The Danish pharmaceutical federation (MEFA) has noted a slight decline in its members' research and development budgets this year. But this is not the case at Novo Industries,

which among other lines produces the great bulk of Danish insulin. Its president, Dr. Hjalmar-Møller, insists that any slackening of the R and D effort would be suicidal for Danish products.

Novo, in fact, spent some Kr45-50m. last year on R and D or over half spent by all of MEFA's member companies. Insulin accounted for just under half of Novo's Kr259m. pharmaceutical sales in 1974 and the company has just opened a new insulin production plant at Kalundborg. Its hold on this special market stems from two Novo discoveries: first, in 1951, a means of delaying awkwardly quick, natural absorption of insulin by the human body and, second, a way to make the product almost totally pure. Previously certain impurities in ordinary insulin had led to allergies among diabetic users of the substance. Novo has another side to it which, in the view of Dr. Hjalmar-Møller, will soon overtake its pharmaceutical division—that of enzyme production. Enzyme development is, of course, a very direct offshoot from the food processing industry. Enzymes such as Trypsin and Plasmin, which help dissolve blood clots, now have an established medical use. The widest use of the substances is to transform starch into syrup which can replace sugar in food products, soft drinks and confectionery. Indeed, Dr. Hjalmar-Møller reckons that Britain, to take a major sugar importer, could cut its sugar imports by 40 per cent in this way.

Sales of Novo enzymes to the U.S. have still not recovered from the scare in 1969 when it was suggested that the enzymes in the "miracle washing powders" of the TV advertisements were dangerous. But Novo is now satisfied that, with a clean bill of health from the U.S. National Academy of Sciences and with the help of an "enzyme education kit" it has been able to have introduced into the U.S. school curriculum, that sales will pick up. The use of the rennet enzyme

in cheese production in the U.S. is increasing. Novo had plans to set up a U.S. production base when the enzyme scare broke and it is now dusting off those plans again.

Lynch-pin

In the opinion of at least one industry economist, hospital equipment is the fastest growing sector of the Danish electronics industry. And the lynch-pin in its growth is the hearing aid, now perhaps more in use than ever with the noise of industrial life. Helped by the fact that as long ago as 1950 the Folketing decreed that every hard-of-hearing Dane should get a free aid, Denmark has become, for hearing aids, as a previous Financial Times survey pointed out, what Switzerland is for watches. Last year the hearing aid won Kr91m. for Denmark in foreign exchange, with Oticon as its top producer. The three main hearing-aid manufacturers have been quick to realise that servicing and repair is particularly vital to this product, and have for some time operated a world-wide service. But there are export-earners in the hospital equipment field: X-ray equipment exports were Kr27m. last year, and general medical electronics Kr50m. This compares well with previous years, helped partly by the fact that health spending in East Europe and the Soviet Union has not been reduced in the way that it has in the West. Poland, in particular, has proved a good customer lately. The domestic picture is not so happy. As Mr. Ole Lippmann, managing director of Simonsen and Weel, a leading medical manufacturer, says: "Denmark has built a great number of hospitals during the past 20 years and has spent a lot of money on patient care and health service. There is no doubt that this hospital programme has stimulated Danish industry." Now that stimulus has been removed, Simonsen and Weel typifies the score of companies that fill the medical instrument field, with a lack of overlap achieved

by mutual agreement. To quote Mr. Lippmann again: "We came to the conclusion a few years ago that there was room for a Danish medical-electronics industry and have created a special, limited sophisticated company making monitoring installations, oscilloscopes for diagnostic purposes, defibrillators and so on."

In addition to Simonsen and Weel, leading manufacturers are Daneca (anaesthesia apparatus), Testa Laboratories (which has specialised in turning out portable resuscitation equipment for use in ambulances and field hospitals), Kaiser (electroencephalographs), ELLAB (all kinds of thermometers) and in the medical laboratory field, Radiometer, which is the biggest Danish maker of blood analysis instrumentation, and Bruel and Kjaer. There is also DISA which has used its scientific engineering expertise to branch out into a few specialist instruments, in particular a range of electromyographs for use in muscular measurement. One of the company's latest additions is a uranometer, an uncomfortable looking machine to diagnose bladder and urethra complaints. The DISA management is typical of the tidy market division in this industry in claiming that its own particular sector is quite sufficient for its purposes and that it has no intention of expanding its range to compete with the other Danish specialists.

The medical profession eats up disposable items which, for hygiene and other reasons, are used only once. And the small Danish plastics industry has diversified here to meet this need. Some of the firms in this field are A-SIK (syringes), Pharma-Plast (syringes and catheters), Steritex (anaesthesia accessories) and NUNC, which makes laboratory plastics and sterilisation equipment. Surprisingly, many of the products from this small sector find their way into foreign hospitals and surgeries.

D.B.

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DENMARK VIII

Denmark's shipyards have been hit as hard as any by the severe downturn in the world maritime industries. Efforts to avert the threatened reduction in capacity and employment include local orders from Danish lines, but the main hope is that current work will last out the recession.

Shipbuilding

AN ORDER for 17 ships placed by the A. P. Moeller Shipping Company earlier this month with the Moeller group's own Lindoe shipyard has alleviated the critical situation in Danish shipbuilding but has not removed the long-term possibility of a forced reduction in both capacity and employment. Like the rest of the old-

established shipbuilding industries, Denmark's is threatened by competition from Japanese yards taking orders at prices 30 to 40 per cent below European prices and from the new State-subsidised yards in such countries as Brazil, offering far easier credit terms than those permitted under the OECD rules.

The Danish Shipbuilders' Association continues to reject direct State subvention on the grounds that it cannot in the long run resolve the fundamental problem of over-capacity in the world industry. In principal the Danes seek a 330,000-ton tanker, six 65,000-ton combination vessels, six 10,000-ton supply ships and three sea-going flat-top barges. The order back production capacity. In employed until 1973, even if practice the industry will more at a reduced rate. Burmeister and Wain has orders until late 1977. The situation varies at their own yards, such as the latest Moeller order, and by the ability of at least some of the yards to build competitive specialist vessels.

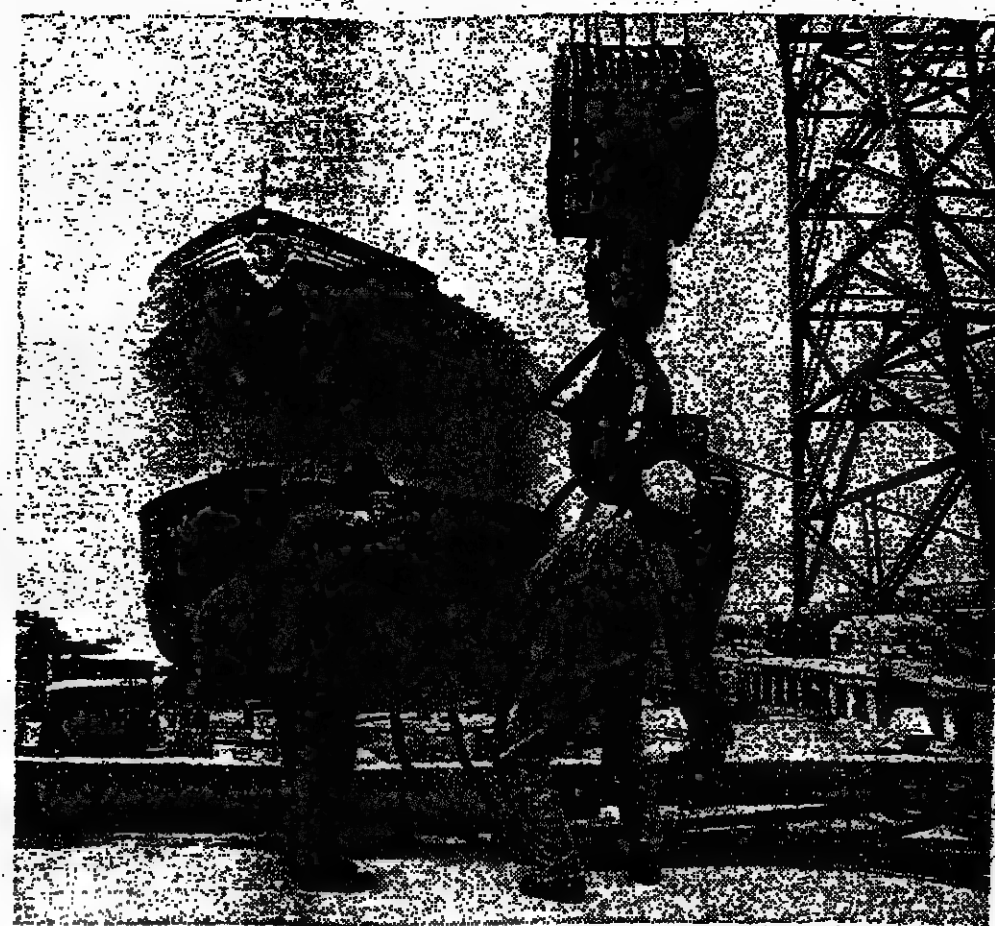
By the end of August the number employed in the Danish yards, the Burmeister and Wain engine company and the marine equipment factories had dropped from 23,300 to around 22,000, chiefly as a result of lay-offs at Burmeister and Wain, the Lindoe yard, one of Europe's most efficient builders of ULCCs and VLCCs, which had been rationalising production. It had already been announced that Lindoe, which has had four 495,000-ton tankers cancelled, would have to lay off the more men by the year's end, if no new orders came in. The yards employ just over 6 per cent of the total industrial labour force, so that the situation is of national concern.

Ships on order at the beginning of the year numbered 78 totalling 5.9m. deadweight tons but by the end of June the Shipbuilders' Association was warning that the order stock had been reduced by 20 per cent over the preceding 12-month period and its figures did not cover the cancellations at the Lindoe yard, which had not then been confirmed. During the first six months of this year yards last year delivered 36 new orders were received for vessels to a total of just over only six ships totalling 40,000 2m. d.w.t. and a value of

Kr.2.4bn. (£190m.). Of these, the 17-vessel order placed with the Lindoe yard this month nearly 1.6m. d.w.t. delivered by the Odense Steel Shipyard Company's Lindoe yard, while the Burmeister and Wain yard in Copenhagen accounted for seven ships totalling 360,000 d.w.t. The Lindoe yard delivered nearly 80 per cent of the total tonnage for just over 40 per cent of the total value. Burmeister and Wain was responsible for roughly 15 per cent of the tonnage and 30 per cent of total earnings. The smaller yards have thus a substantially higher value added per ton.

Too little information is available to assess the profitability of the industry but one knowledgeable source estimates that the overall return on capital has averaged less than 5 per cent in recent years. The trouble-racked Burmeister and Wain group had a loss of Kr.142m. (£11m.), while the Odense Steel Shipyard Company (Lindoe) reported a net profit of Kr.147m. The best profits last year were made by the repair yards and the boiler section of the Aalborg yard. Finance, however, is not regarded as an immediate problem and even Burmeister and Wain ended the year with over Kr.160m. cash in hand.

There will be something familiar to British ears about Burmeister and Wain's recent history, which comprised ineffective management, loss-making fixed-price, dollar contracts and a series of strikes by militant unionists, which almost culminated in the closure of the yard last year. At that point a 37-year-old businessman with no experience



The new dock at the Lindoe shipyard, one of the biggest engineering projects in Denmark's history

of industrial management, Mr. Jan Bonde Nielsen, bought a majority holding in the company and vigorously set about reorganising it, cancelling two orders against compensation and aiming the yard at series production of 60,000-ton bulk carriers. It has received 16 orders, of which 15 remain to be delivered, and Mr. Nielsen is budgeting for a profit in 1978.

Crisis

The Lindoe yard, designed to build ULCCs of up to 650,000 d.w.t., has found itself in the wrong market, following the crisis in the tanker trade and the cancellation of new tanker contracts. Managing director Erik Qvistgaard has produced a range of new designs for bulk and product carriers, has plans for moving into the offshore business and ideas for using

the resources of the Moeller group to offer complete sea and ferry line. The A group to offer complete sea and ferry line. The A group to offer complete sea and ferry line. The A group to offer complete sea and ferry line.

Its control systems and module building technique had made Lindoe one of the most efficient large tonnage yards in the world. It completed its major investments in the '60s, when prices were lower, and has no outstanding debts. Finally, it has the backing of the Moeller group. Objectively, then, if any yard can adapt production to the post-tanker crisis situation, it ought to be Lindoe.

Four of the smaller yards have support from shipping companies—the Naksøvdal yard, which is owned by the East Asiatic group, and the East Asiatic group, and the East Asiatic group, and the East Asiatic group, and the East Asiatic group.

The Naksøvdal yard has in hand for its advanced ton product carrier and ton container vessels, should see it through its beginning of 1978. The A yard has been specialising in oil-rig supply vessels but recently developed a deal in a cement carrier with a loading system.

The Naksøvdal yard has in hand for its advanced ton product carrier and ton container vessels, should see it through its beginning of 1978. The A yard has been specialising in oil-rig supply vessels but recently developed a deal in a cement carrier with a loading system.

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Linked

The fate of the shipbuilders is inevitably linked with that of the Danish economy in general and the shipbuilding industry in particular. Others have been urging the Government to introduce wage restraint policies. The four 495,000-ton tankers cancelled, would have to lay off the more men by the year's end, if no new orders came in. The yards employ just over 6 per cent of the total industrial labour force, so that the situation is of national concern.

A real slowdown to the cost inflation of the past two years would enable the yards to offer 78 totalling 5.9m. deadweight tons but by the end of June the Shipbuilders' Association was warning that the order stock had been reduced by 20 per cent over the preceding 12-month period and its figures did not cover the cancellations at the Lindoe yard, which had not then been confirmed. During the first six months of this year yards last year delivered 36 new orders were received for vessels to a total of just over only six ships totalling 40,000 2m. d.w.t. and a value of

Denmark has just over 3 per cent of world ship production. Its eight building and repair yards last year delivered 36 new orders were received for vessels to a total of just over only six ships totalling 40,000 2m. d.w.t. and a value of

By contrast, Danish shipping, though suffering from the fall in tanker business, is managing to keep on a reasonably even keel. As the country's third largest foreign currency earner, its ability to maintain its position is of vital help to the economy.

Shipping confidence

DANISH SHIPPING relies on its confidence in the future by the number of new ships they have on order. Under the British Chamber of Shipping criterion of capital stock, the value of the Danish shipping fleet is some Kr.14-15bn, but the earnings comes from the tanker trade, operating largely to the Far East, and it is sufficiently diversified to believe that it will get through the current shipping recession without serious damage. Like most shipowners who earn the bulk of their profits by carrying freight between other lands, the Danes are strong proponents of free competition and consistently oppose any form of national subsidies for shipping.

The Danish fleet, comprising 7.4m. d.w.t., is not among the world's largest (it ranks 15th on the world scale and sixth in the EC), but it is far larger than the size of the Danish population would warrant and is the country's third largest currency earner after industry and agriculture. In 1974 gross shipping earnings rose to a record Kr.7.3bn. (£575m.), giving an estimated net currency income after deduction of expenditure in foreign harbours of Kr.3.5bn.

Swift renewal is characteristic of the Danish fleet and is considered policy. The argument is that Danish companies can only compete world-wide against companies who enjoy cheaper wages and cheaper flags by maintaining fast, modern vessels, which can operate at a low cost per ton.

This argument has been underlined by the close to 50 per cent increase in wages and salaries obtained by Danish crews in 1973 and 1974. The Danes say that their wage rates are the highest in Europe, certainly well above British levels. The average monthly salary for a chief mate in 1974 was Kr.10,789 (£845) while a fully qualified seaman averaged Kr.5,273 (£413).

Labour costs are also increased by manning regulations, which compel owners to carry larger crews than, for instance, Norwegian or Swedish vessels. These rules are a further incentive to build new ships, since they can be circumvented by an appeal to a special board on the grounds that a ship has been designed to operate with a specific crew.

Unemployment among the 20,000 on the ships and in the shipping company offices is well below the national average. And the Danish shipowners are showing

under five years old and 80 per cent was under ten years. To help finance their new purchases, the Danes sell off their ships quickly. Second-hand values at present are low and few ships are being sold but in 1973 some 1m. d.w.t. of Danish shipping went to new owners.

This process is helped by depreciation rules which enable the owner to write off 30 per cent of the value of a ship in the two years after it is ordered and before delivery and thereafter 30 per cent of the balance each year. In effect 51 per cent of the value of the ship can be written off after it has been operating for one year.

Concession

The shipowners' wrong another concession from the Government earlier this month—a reduction in the ship registration fees which had been some 50 per cent higher than in any other country. A Panama bulk carrier of just under 60,000 d.w.t. tons, for instance, cost \$63,000 to register in Denmark, \$42,500 in Sweden and \$227 in Britain.

Like so much of Danish industry the shipping companies eschew Government intervention in their business and have emphasised throughout the difficulties of the current recession that they are not looking for State subsidies in any form. This attitude may have been a little harsh on some of the smaller owners who have been having trouble in raising finance for new buildings. It stems partly from an ideological stand by owners who believe strongly in conservative politics but is also a logical consequence of the policy Danish shipping men are compelled to adopt in the international context.

Thus, the Danes were extremely upset by the convention to regulate the international liner trade agreed on by the UNCTAD conference at Geneva in April, 1974, providing for a 40-40-20 division in favour of the national fleets of countries in bi-lateral trade at the expense of the third countries. This would, for instance, have hit particularly hard at Danish shipping trading on the Far East routes and American ports and the Far East.

The issue nearly developed into

The structure of the Danish shipping fleet reflects a peculiarity, the preponderance of VLCCs at one end of a scale and of small freighters, 5,000 grt and under, at the other. Of the 918 ships entered at the beginning of 1974, 691 were of less than 2,000 grt. Three companies operate about 85 per cent of the total fleet deadweight tonnage with A. P. Moeller accounting for some 75 per cent through its tanker fleet.

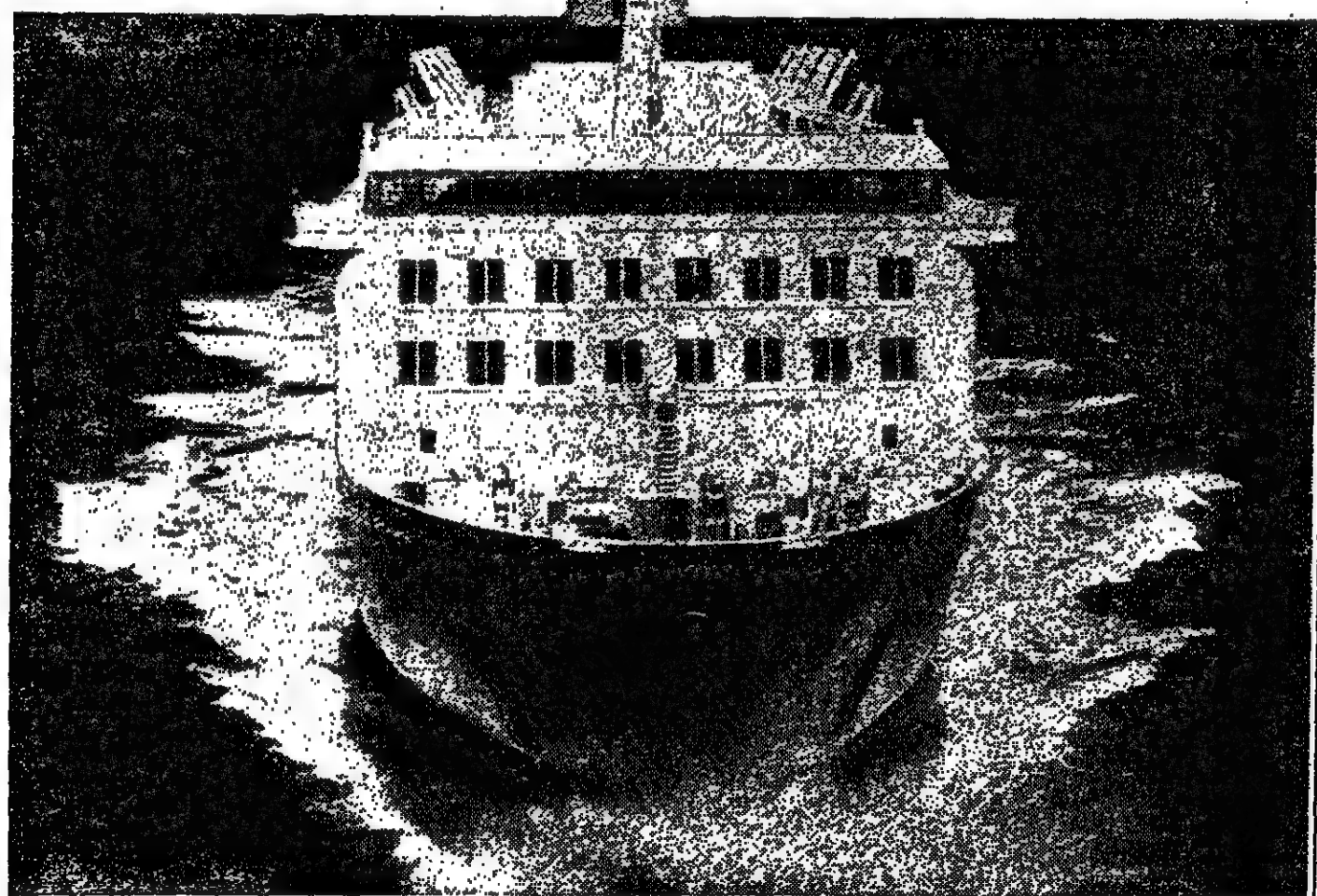
As the trading and industrial group whose centenary connection with China the East has inspired the involvement in the operates a fleet of some 20 ventral cargo liners and moving into containers, but and product carriers. J. Lauritzen, in addition to his own fleet with two tankers has a majority interest in the passenger and car line company, and in the Con line.

M. Jebsen, a smaller company, also reflects the characteristics of Danish shipping. Sailing under the Danish flag and based in Jutland, this company operates its small 1,500-ton shelter deckers of Hong Kong. Jebsen is a member of the Danish owners' association, but in smaller vessels in part-owned ship, have their own associated so-called coasters. They believe their name in that matter in fact trade internationally. And a lot of smaller owners with ships in the 3,000-ton range have managed to maintain both freight and cargo support through bad times.

Danish shipping is not a major factor on the world shipping scene, but it is on a whole efficiently run by men who know their business and who have demonstrated that profits can be made and that services provided, even when labour costs are high.

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هنا من الوصول

An OPEC special meeting opens in Vienna this week. Richard Johns assesses the oil price outlook when the nine-month freeze ends.

At odds over the almost inevitable

THE GULFBOAT—once the striking symbol of OPEC's high-handedness—has been reduced to a mere footnote in the oil price drama. The nine-month freeze on oil prices, which began in January 1974, has ended. The OPEC special meeting in Vienna this week will assess the oil price outlook when the nine-month freeze ends. The OPEC special meeting in Vienna this week will assess the oil price outlook when the nine-month freeze ends.

Qatar has now obtained the approval of other Gulf producers for a lower sulphur premium. This incident could be seen as one of the more bizarre results of the still singular demand for oil which perhaps the most important feature in the setting for the coming OPEC conference. In the first seven months of this year little more than 70 per cent of member states' production capacity has been utilised, while actual output ran at a level 10 per cent down on 1974. In particular, this affected those producers, like Qatar in the Gulf, with the light, premium-quality and relatively high priced crude, and those, like Libya and Algeria, with a freight advantage (which this year has been highly notional). Iraq, which undoubtedly has trimmed prices pumped to the East Mediterranean, alone has recorded a rise of 18 per cent in its output this year.

Demand has picked up over the past two months as the rise in total OPEC production from 28.7m. b/d to 27.9m. b/d in July shows—with Libya in particular making a notable advance from 1.5m. b/d to 2m. b/d. More recently there has been a flurry of activity in the spot cargo market. In anticipation of the OPEC conference, but it is clear that members over-estimated the volume of late-summer restocking required by the industrialised countries, and also the speed of economic recovery.

The prospects of a tight financial situation is one major factor that has built up the head of steam in some OPEC member countries for a sizeable price rise to come into force in the last quarter of the year. This would be particularly true of Libya, the only one included in the International Monetary Fund's monthly statistics to record a fairly dramatic fall in its gold and foreign exchange reserves from \$3.5bn. at the close of 1974 to \$2.3bn. at the end of June. Overall, lower production, the greater than expected capacity of producers to absorb imports, and inflation will mean a current account surplus of \$48m. this year compared with \$59m. last year, according to the latest U.S. Treasury estimates.

Within this collective calculation the variations are great. Saudi Arabia's surplus has continued its remorseless and almost inevitable growth to the extent that the Kingdom's gold and foreign exchange reserves rose in the first half of this year from \$14.2bn. to \$20.4bn. By contrast with Libya, Qatar's modest ninth in the OPEC league in 1974 with an output averaging 520,000 b/d—could watch its rate fall to 282,000 b/d with a degree of equanimity. With its limited financial requirements and absorptive capacity, the State generated a surplus of rather more than \$1bn. in 1974.

At this week's conference the whole question of differentials is to be discussed as part of the much bigger restructuring of the pricing system, including the indexation mechanism whereby prices would be adjusted according to an as yet undecided formula for measuring inflation rates. Immediately, however, the big issue is the size of the price increase decided on to compensate retrospectively for inflation suffered since the beginning of 1974.

Worst premonitions have been based on the figure constantly heard at the previous OPEC conferences this year in Vienna, Algeria and Libreville of an inflation rate for the goods produced by the producing States, mainly from the industrialised countries, of 35 per cent. Calculated in Tehran and first aired

by Dr. Jamshid Amouzegar, Iran's chief delegate, it is apparently based on a basket of goods and commodities imported by that country. It also—at least earlier in the year before the currency's recovery—includes losses from the depreciation of the dollar. It bears little relation to the 13 per cent upward movement in the OECD consumer price index in the 13 months to the end of last March, but corresponds quite closely to the 29 per cent rise in the United Nations index of manufactured exports in 1974. Whilst it is constantly used in OPEC circles, however, there is no public acknowledgement that the various revisions in the method of adjusting revenues in 1974 involved an additional cost of rather more than 25 per cent per barrel of oil. If the price was raised by 35 per cent, it would involve an additional \$35-40bn. in the consumers' oil bill.

Political levy for all

on the MP (Con.) for Oxfordshire.
Sir—Mr. Percy-Davis (Sept. 17) overstates the danger of Government policies to political parties. There is no Bill before Parliament forcing the taxpayer to contribute to political parties. It is instead a Committee set up by the Government, and chaired by Lord Houghton, to consider the proposition. But it may only be a matter of time. The composition and the membership of the committee predispose it in our of subsidy, even though we have given evidence in other ways. It is right, as Percy-Davis suggests, that the opinion should be altered the threat. It should be a measure who believes that in free country politics should be a voluntary business—and we have enough problems without burdening the political parties with the bill. With justified regard to the higher end of the scale, as they point to the higher end per man that is obtainable workmates then claim. Justification, that they have at least wage parity, the older plant at which work is more unpleasant and noisy. The end result is a very much higher wage bill for very little production, followed by a wave of the argument that industry is failing to invest. But nobody has a justification for action, or lack of it. We do not replace such "entirely reasonable" common sense, and the freedom to administer a stingy clout round head where needed, we shall be able to claim, with justification, that we are running the most argumentative and least productive economy in the world.

Lessons from Lanwern

Mr. J. S. McFarlane.
Sir—The nine-month delay in commissioning the new blast-furnace at BSC's Lanwern works is a case study in the failure of the associated pay-out illustrates perfectly why industry is reluctant to invest. It is claimed with justification, that British productivity is low because of inadequate capital. But when a new item of it is installed, the men claim higher pay as the price for using it, and with justification, as they point to the higher end per man that is obtainable workmates then claim. Justification, that they have at least wage parity, the older plant at which work is more unpleasant and noisy. The end result is a very much higher wage bill for very little production, followed by a wave of the argument that industry is failing to invest. But nobody has a justification for action, or lack of it. We do not replace such "entirely reasonable" common sense, and the freedom to administer a stingy clout round head where needed, we shall be able to claim, with justification, that we are running the most argumentative and least productive economy in the world.

Basic commonsense

Mr. J. Thackery.
Sir—As a manager actively engaged in the industrial relations arena, it is a tonic to read, at very occasionally, some at commonsense on the subject. Your editorial (September 15) is absolutely right. No amount of legislation, be it union bashing or of the seduction variety, will change the country's industrial relations. It is a fact of basic commonsense, must and some other way of about the involvement in turning their land into food for "nuts and bolts" of normal people.

Reserves

The prospects of a tight financial situation is one major factor that has built up the head of steam in some OPEC member countries for a sizeable price rise to come into force in the last quarter of the year. This would be particularly true of Libya, the only one included in the International Monetary Fund's monthly statistics to record a fairly dramatic fall in its gold and foreign exchange reserves from \$3.5bn. at the close of 1974 to \$2.3bn. at the end of June. Overall, lower production, the greater than expected capacity of producers to absorb imports, and inflation will mean a current account surplus of \$48m. this year compared with \$59m. last year, according to the latest U.S. Treasury estimates.

Gold and reflation

From J. H. Woolfenden.
Sir—I have read with the greatest interest Mr. C. Gordon Tether's excellent article on gold (September 12). How long it will be before the world recognises the need for the full monetary rehabilitation of gold may be a matter for conjecture but, as Mr. Tether points out, the first step which could lead in that direction has been taken. It is difficult under present world mismanagement to envisage how "reflation"—now the order of the day in the major industrial countries except Japan and the U.S., where the inflation rate, which has been brought down to 6 per cent, is now approaching 10 per cent, and said to be climbing. To keep things in perspective, it is worth bearing in mind that it would require more than one American in 10 to buy just one ounce of gold to absorb virtually the whole of the international reserves which the International Monetary Fund proposes to sell.

Unwanted milk

From Mrs. J. H. Gillington.
Sir—Mr. R. F. C. Gray (September 16) once again raises the farmers' cry of lamentation at the prospect of a diminished number of dairy farms in this country. No amount of excuses, even Green Pound "swindles" can disguise the fact that British farmers are producing far more milk than people want, need, or are prepared to pay for. As Mr. Gray has said, producing butter and skim milk is completely uneconomic in this country, and is only an alternative to pouring the milk down the drain. Clever advertising and marketing techniques by the Milk Marketing Board have kept the milk surplus in being for some considerable time, but with entry into the EEC it is apparent that the whole Community is awash with dairy products and farmers must find some other way of turning their land into food for the people.

Letters to the Editor

Vegetables and soft fruits are now so scarce and expensive as to be a luxury; veal is almost unobtainable; and the Chinese rabbits, much of this food to muddle and old-fashioned marketing systems, but it still does not excuse the farmers who are trying to persuade the British public that they (the rabbits) should be paid either by the consumer or the taxpayer for milk that nobody wants. J. H. Gillington, Wick Cottage, Pains Lane, Datchet, Wilt.

Vivid reminders

From Mr. W. J. Moir.
Sir—Last Mr. R. J. Boyd (Sept. 10) is thought to be expressing a minority point of view, it might be of further relevance to point out that "despite the risks involved in comparatively unregulated overseas markets" both creditors and shareholders of Hutchison International have been protected (the former by strenuous lobbying, and the latter seemingly despite themselves). Despite the commendable regulation of U.K. equity markets, the shareholder there undoubtedly emerges the villain of the piece, if he does not subscribe to subsidies and indulgence by having unpalatable policies forced on the management of his company. He finds his returns pathetically small because of dividend restraint and, at the end of the day, finds himself, through the tax bill, financing the inefficiency and incompetence of companies in which he is fortunate not to be a shareholder.

Chunnel investment

From Mr. Raif Bonnot.
Sir—Although Mr. Cornish (September 12) is right to be tested by public information about the Channel Tunnel studies, he might have done well to study the Calais Report more thoroughly. For this does not expect the cancellation of the Tunnel project to save the country a penny in the not so very long run, since alternative investment in shipping, port facilities and link roads is expected to use up any immediate savings. "Sorry," Kila Laine, Binkfield Heath, Henley-on-Thames.

Management drop-outs

From Mr. E. G. Metcalf.
Sir—Mr. Campbell-Dick (Sept. 11) does well in his turn to draw attention to the lack of motivation of the investor, the entrepreneur and the manager. I would widen it to include the executive, defined as anyone who has a responsibility for managing something. The fact is that when important decisions are taken nationally, which affect the way the national economy is managed, executives do not seem to exist. The field is dominated by Trade Union leadership. Government, and Confederation of British Industry, not always, but usually, in that order. As your editorial on worker participation in the same issue pointed out, it is entirely

Recession

Saudi Arabia has indicated that it will not agree to a rise greater than the industrialised countries can absorb, on the grounds that something which might send the West into a serious recession would be against the producers' interests. The realisation of mutual interest and interdependence within OPEC's ranks is now more widespread. Despite the reiteration of the 35 per cent inflation figure, the Shah last week said that Iran would not press for anything more than 15 per cent. On the basic "marker" crude Arabian Light now costing \$10.44 this would mean an increase of \$1.56.

To-day's Events

EEC Finance Ministers meet to examine Commission's 1976 budget proposals, Brussels.
Swiss Finance Minister and his National Bank president head delegation for discussions with Finance Ministers of countries belonging to European currency "zone" with view to possible Swiss entry, Brussels.
Mrs. Margaret Thatcher, Opposition leader, gives Walter Heller, Roosevelt University, Chicago, Labour Party-UK liaison committee meeting, London.
House of Lords returns for four days to complete business unfinished before the summer recess, Westminster.

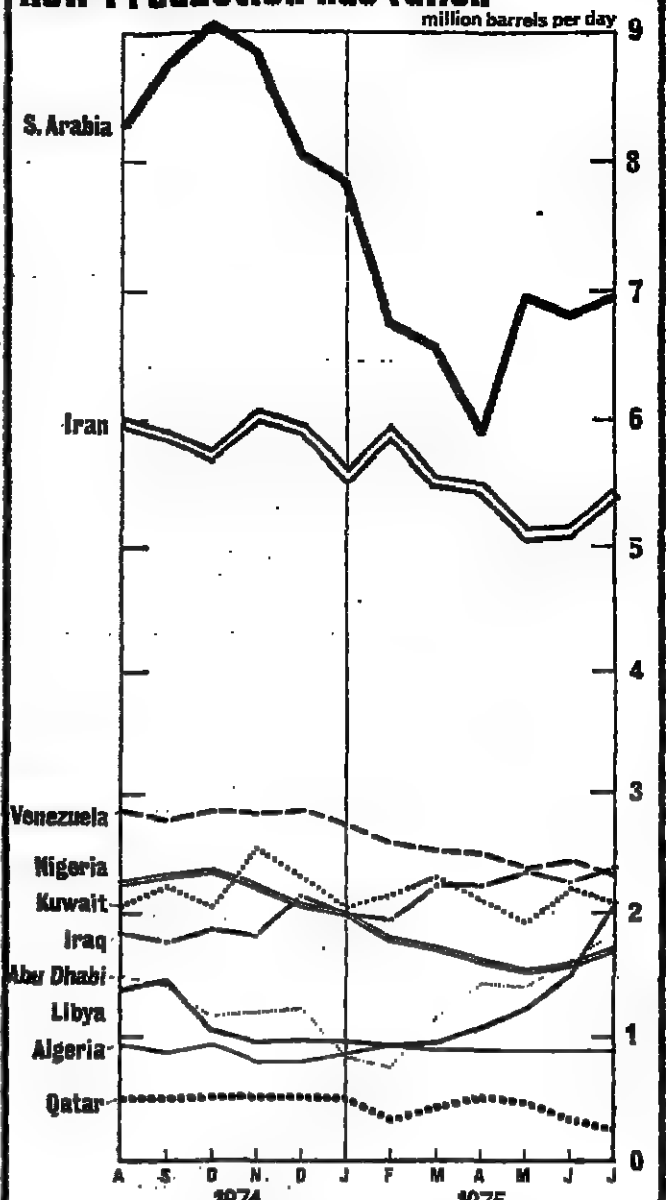
General

Mr. Monty Finniston, BSC chairman, speaks on Future of Steel Corporation, University of Strathclyde, Glasgow.
Sir Henry Plumb, president, National Farmers' Union, speaks at Confederation of European Agriculture meeting, Edinburgh.
UN cocoa negotiating conference opens, Geneva.
Parliamentary Business: House of Lords: Employment Protection Bill, resumption of committee stage.

Official Statistics

Sterling certificates of deposit (mid-Aug.).
London dollar certificates of deposit (mid-Aug.).
Gross domestic product (2nd quarter-prov.).
New vehicle registrations (Aug.).
COMPANY RESULTS: Booker McConnell (half-year), John Laing and Son (half-year), Parker Knoll (full year), Spear and Jackson International (half-year), Tisbury Contracting Group (half-year).

How Production has fallen



energy problems, raw materials, can only be described as uncertain. But the dialogue remains, and the nevertheless, a crucial factor prospects for parallel talks on international monetary system in the oil price equation.

GEORGIA, U.S.A.

INTERNATIONAL TRADE CENTER AND FRIEND.

The center of the southeastern United States, Georgia is truly an international trade center. Here you'll find offices for more than 100 multi-national companies. Here, transportation and distribution facilities provide global accessibility. Foreign business is encouraged by tax-free revenue bonds for industrial financing. The availability of international legal and accounting firms. The services of foreign banks, 37 consulates and governmental offices. More importantly, Georgia is friendly to European companies which transact business here. Your inquiries are handled with strict confidentiality. Whether you're interested in joint ventures, plant locations, export and import marketing, licensing agreements or investment opportunities. Write today for more information on international trade in Georgia. We think you'll agree, it's the best of two worlds. For us and for you.

Mr. Ron L. Turville
Manager, Bureau of Industry & Trade
20, Square de Meuse
1040 Brussels, Belgium

Georgia Bureau of Industry & Trade
Lyle White, Director
International Trade Division, Dept. UK-62
Box 2607, Atlanta, Georgia 30334

Name _____
Title _____
Company _____
Address _____

GEORGIA, U.S.A.

INTERNATIONAL COMPANY NEWS EURO MARKETS

EUROBONDS

D-mark issue for Ciba Geigy

BY MARY CAMPBELL

THE MAIN development this week is a D-mark denominated warrant issue for the Swiss company Ciba Geigy. Announcement of the issue was expected over the weekend or early today.

The issue is apparently not subject to sub-committee approval because it is not a straight debt issue. It thus escapes the current ban on issues in the D-mark foreign bond market. It will be the first warrant issue in the D-mark sector since 1973.

The DMS500 issue offers a 6 per cent coupon on a ten year maturity. A warrant entitling

the bearer to buy a Sw.Frs.100 "participation certificate" in Ciba Geigy is held mainly to blame. Geigy in Basel will be attached to each DML000 bond. A participation certificate is a form of equity share. The participation certificates will be purchasable from next year through to 1985 at a price of Sw.Frs.925.

A further development is the reopening of the Euro-French franc market. Announcement of a Frs.50m. issue for Cuscuta is expected over the weekend. Market sources said that the lead manager would be Banque de l'Union Européenne. The indicated coupon would be 10 per cent and maturity five years. The prices of outstanding dollar bonds were badly hit last U/A25m. for Oslo.

As expected, the size of Cuscuta's unit of account issue was increased from U/A20m. to U/A25m. The issue was priced at 99 1/2 per cent but allocations were nonetheless said to be small. Next issue is said to be small. Next issue is said to be small.

Indices

NEW YORK

DOW JONES AVERAGES

Sept 19 1975

Sept 22 1975

Sept 23 1975

Sept 24 1975

Sept 25 1975

Sept 26 1975

Sept 27 1975

Sept 28 1975

Sept 29 1975

Sept 30 1975

Oct 1 1975

Oct 2 1975

Oct 3 1975

Oct 4 1975

Oct 5 1975

Oct 6 1975

Oct 7 1975

Oct 8 1975

Oct 9 1975

Oct 10 1975

Oct 11 1975

Oct 12 1975

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Nov 28 1975

Nov 29 1975

Nov 30 1975

Dec 1 1975

Dec 2 1975

Dec 3 1975

Dec 4 1975

Dec 5 1975

STANDARD AND POORS

U.S. STOCK INDICES

Sept 19 1975

Sept 22 1975

Sept 23 1975

Sept 24 1975

Sept 25 1975

Sept 26 1975

Sept 27 1975

Sept 28 1975

Sept 29 1975

Sept 30 1975

Oct 1 1975

Oct 2 1975

Oct 3 1975

Oct 4 1975

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Nov 28 1975

Nov 29 1975

Nov 30 1975

Dec 1 1975

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Dec 3 1975

Dec 4 1975

Dec 5 1975

Dec 6 1975

Morgan Guaranty sells Paris bank stake

PARIS, Sept. 21.

Morgan Stanley of the U.S. is to acquire the one-third interest of Morgan et Cie International S.A. presently owned by Morgan et Cie, a subsidiary of Morgan Guaranty Trust Co. according to a joint announcement.

Morgan Stanley already owns two-thirds of the Paris-based Morgan et Cie International. The latter will be renamed Morgan Stanley International and will continue to conduct its international investment banking business, functioning as a wholly-owned subsidiary of Morgan Stanley.

Morgan et Cie is a subsidiary of Morgan Stanley in which Scandinavian banks and Bank of America and Bank of Europe have been active participants.

The contemplated change in ownership of the Paris-based company is prompted mainly by changes in the nature of its business following the removal of U.S. controls on investment in raising funds through the issue of securities overseas.

Morgan Guaranty will continue to operate through its branch and its subsidiary in Paris serving both French and multinational clients.

Subject to approval by regulatory authorities, the transaction is expected to be completed by the end of this year.

AP-DJ

Lehman sees major advance

NEW YORK, Sept. 21.

LEHMAN BROTHERS expects the fiscal year ending September 30 to be the second most profitable in its 125-year history, the investment banking house told employees in a confidential internal letter.

Sources at the firm estimated that pre-tax net might be as high as \$28m. The results follow a profitable prior year, for which figures for the privately held concern are not available, and an estimated \$8m. loss in the year ended September 30, 1973.

Lehman's performance is a reflection of the securities industry's recent boom, which coincided with the firm's fiscal year.

AP-DJ

AUSTRALIAN WEEKLY LIST

Company	Price	Change	Company	Price	Change
Advertiser Newspaper	11.26		Bank of New South Wales	10.40	
Amalgamated Press	10.70		Bank of Queensland	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	
Amalgamated Press	10.70		Bank of Western Australia	10.40	

TEL AVIV STOCK EXCHANGE

Company	Price	Change	Company	Price	Change
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	
Bank of Israel	208.5		Bank of Israel	208.5	

HONG KONG

Company	Price	Change	Company	Price	Change
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	
Government of Hong Kong	1.50		Government of Hong Kong	1.50	

SINGAPORE STOCKS

Company	Price	Change	Company	Price	Change
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	
Government of Singapore	1.50		Government of Singapore	1.50	

CORAL INDEX

Close 341.346

Investment premium based on \$2.00 per £1-35% (96%)

1975 Low 341.346

1975 High 341.346

1975 Low 341.346

1975 High 341.346

1975 Low 341.346

1975 High 341.346

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1975 Low 341.346

1975 High 341.346

DAGGAFONTEIN MINES LIMITED

(Incorporated in the Republic of South Africa)
INTERIM REPORT

Half-year ended 30th June 1975

FINANCIAL RESULTS			
The following are the unaudited results of the company for the half-year ended 30th June 1975, together with comparative figures for the half-year ended 30th June, 1974 and the year ended 31st December, 1974.			
	Half-year ended 30.6.1975	Half-year ended 30.6.1974	Year ended 31.12.74
	R	R	R
Interest received	10 000	15 000	23 000
Other revenue	1 000	5 000	14 000
	11 000	20 000	37 000
Product:			
Administration expenses	11 000	10 000	28 000
Long service gratuities	—	15 000	22 000
Share transfer expenses	—	—	—
Stock exchange listing fees and sundry expenses	10 000	10 000	27 000
Property expenses	2 000	—	1 000
Contributions towards crassing of slimes dams	44 000	—	—
	78 000	35 000	76 000
NET LOSS	R65 000	R15 000	R39 000

NOTES:

- TAXATION**
No taxation has been provided as the company has a loss for tax purposes.
- DIVIDENDS**
No dividends were declared or paid during the six months under review.

OPERATIONS

As anticipated in the directors' report for 1974, the company's application for permission to peg claims on portions of the farm Daggafontein No. 125 I.R., district Springs, was refused.

Efforts are continuing in an attempt to settle the outstanding affairs of the company so that steps may then be taken to re-register the company. In this connection the company has recently invited offers for the remaining freehold of the farm Daggafontein, portion of which is covered by old slimes dams. To date the response has been discouraging, both as regards the number of offers received and the substance of the offers, which would appear to indicate that the company cannot expect a significant contribution to its cash resources from the disposal of the property.

The company has for some years been making payments for the crassing of its slimes dams. However, more recently certain unforeseen technical difficulties have been encountered in carrying out the necessary anti-pollution measures required pursuant to the settlement of the company's liabilities arising out of atmospheric and water pollution legislation. The additional cost of overcoming these problems cannot yet be determined.

In view of the above and the additional administrative and other expenses which the company is having to incur in endeavouring to finance the company's affairs, any further distribution to members now appears unlikely.

For and on behalf of the Board
D. B. Hoffe, Directors
W. R. Lawrie

Administrative and Technical Advisers and Secretaries:

Anglo American Corporation of South Africa Limited,

44, Main Street, Johannesburg 2001

(P.O. Box 61557, Marshalltown 2107)

Transfer Secretaries:

Consolidated Share Registrars Limited,

82, Marshall Street, Johannesburg 2001

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Chartered Accountants Limited,

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Johannesburg

19th September, 1975.

Liberals fail to achieve sense of direction

By RICHARD EVANS, LOBBY CORRESPONDENT

IN A CONFIDENT speech winding up the Liberal Assembly, Mr. Jeremy Thorpe claimed that the party had now prepared itself for the future and the fight to obtain political power.

He told 1,300 delegates at Scarborough on Saturday that the party was entering a new era in its development and was beginning to adjust its policies to take account of the rapid changes in society.

But despite the leader's brave words, the mood of Scarborough was in sad contrast to the Brighton Assembly a year ago when the Liberals seemed poised for the long dreamed of breakthrough to become a dominant force in British politics.

Mr. Thorpe put a brave face on the electoral setback and did not dwell on the number of offers received and the substance of the offers, which would appear to indicate that the company cannot expect a significant contribution to its cash resources from the disposal of the property.

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19th September, 1975.

become a more effective political force. The divisions exposed between the moderate, overwhelmingly ever forces they are able to middle class elements and the radical Young Liberals were as fundamental as those facing either of the other two parties. In addition, there was a marked lack of a sense of direction.

In short, nothing was resolved at Scarborough. The party remains at the mercy of elements outside its control, particularly the unknown presence of the break-up of the Labour Party.

The most positive advances to come out of the conference were the promise by Mr. Cyril Smith, the Chief Whip, to lead the Parliamentary Party into a more cohesive force, and his call on Saturday for the party to protect its leadership for the time being. But the Assembly once more highlighted some of the reasons why the Liberals have failed to

the unemployed of this country. I promise that the Parliamentary Party will be at the head of the march, Mr. Smith declared. "In one of the most effective speeches of the week, which earned him a standing ovation, Mr. Smith said that it was a scandal and a disgrace that a so-called socialist Government should have deliberately set out on a course which had led to unemployment."

Mr. Thorpe, in his second major speech to the conference, said that it was not enough for the party merely to address itself to the emergencies of the day, however critical they were.

"If we are in politics to change society—and I contend we are—we must be prepared to diagnose the underlying ills, to define an attitude to social change and to put into plain language the aspirations of people who share our ideals."

I urge the party, particularly the Young Liberals, to mobilise

THE PUBLIC prosecutor, the independent after system between police and courts, which is a regular feature of European legal systems, but unknown in Britain, except in Scotland, seems to have won support at the Home Office.

Such a scheme is unlikely to win the wholehearted support of the legal profession which is deeply divided about the usefulness of such a change from traditional practice.

The Home Office is clearly enthusiastic about the plan, but there is likely to be resistance from the more conservative elements of the Bar and, perhaps, also the chief constables, who might feel that some of their freedom of action was being eroded.

Keeping watch

Introduction of the change is not an immediate prospect, if only because of the expense involved.

Mr. Alex Lyon, Minister of State, Home Office, told the conference of the Prosecuting Solicitors' Society in York at the weekend that the Home Office and the Law Officers Department were watching the debate over public prosecutors with interest.

"There is much to be said for bringing the existing prosecuting solicitors' departments under the Director of Public Prosecutions as a start to a new service," he said.

He was struck by the number of cases where new evidence could have been made available earlier if some independent critical judgment had been applied to witness statements.

He was concerned about the police role in prosecutions. "If the police actively engaged in the decision whether a case ought to be prosecuted, there is a danger that in some cases a disproportionate view of the evidence may prevail."

A criminal trial was not a game. "There is no reason why all the allegations on both sides should not be thoroughly investigated before the jury has to decide. A more radical move in that direction, however, would be heavily and rightly criticised if the defence evidence was going to be considered only by the police."

Index-linked certificates boost flow of savings

By Donald Maclean

THE OLDER generation continued to provide the main flow of funds into National Savings in August—when purchases of index-linked Savings Certificates accounted for 33.4m. of the movement's net receipts of £35.6m.

Index-linked Certificates went on sale to open over 65 and within over 60 at the beginning of June, and in their first three-and-a-half months (up to September 13) attracted investment of £158.8m.

Substantial purchases of the Certificates are reported to have been in respect of the maximum individual investment of £300. After an early rush, sales appear to have settled down at about £41n. a week.

The impact of the index-linked third issue Save As You Euro savings, introduced on July 1, to investors at large, has been substantially slither than that of the Retirement Certificate—first August, for example, bringing investments of £1.2m. At September 12, some 192,000 contracts had been agreed, with an average commitment to save of £14.40 a month—making an overall monthly savings commitment of £2.8m.

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Cabinet may buy foreign missiles

By Arthur Sandles

THE CABINET this week will decide finally whether to drop home-produced guided missile systems and buy foreign weapons. The decision rests on a substantial cash saving at the cost of possible loss of jobs.

The Defence Committee of the Cabinet seems to have accepted that the Franco-German Milan anti-tank missile and the U.S. Harpoon multi-system missile can be bought without too much damage to employment. If the full Cabinet agrees details will be disclosed this week.

The purchases may not lead to automatic cancellation of the British Aircraft Corporation Hawkwing anti-tank system or the Hawker Siddeley submarine-based missile.

Defence industry unions have long resigned themselves for the loss of Hawkwing, because Milan is much less expensive. Decisions to buy off-the-peg foreign missile equipment are part of the manning by Service chiefs and the Defence Ministry to make the best of the heavy cuts in defence expenditure in time for the next White Paper.

Even if the cancellations which now seem likely are made, they will leave the missile industry with a sizeable market. The Rapier ground-to-air system is in full production and selling extremely well abroad.

But there are difficulties, not least of resources, which have to be considered.

The arguments in favour of the public prosecutor system were that it meant that police had to convince the official before proceeding to court. "I have heard recently that in Denmark the public prosecutor is so successful in weeding out unsatisfactory cases that only about 5 per cent of the accused plead not guilty."

Mr. Lyon commented on criticism of the present system under which too many people were acquitted. An evaluation of the criticism had shown that in a considerable proportion of cases in Crown Court for judge stopped the trial before the jury had to consider its decision. Many cases did not even reach pleading.

He was struck by the number of cases where new evidence could have been made available earlier if some independent critical judgment had been applied to witness statements.

He was concerned about the police role in prosecutions. "If the police actively engaged in the decision whether a case ought to be prosecuted, there is a danger that in some cases a disproportionate view of the evidence may prevail."

A criminal trial was not a game. "There is no reason why all the allegations on both sides should not be thoroughly investigated before the jury has to decide. A more radical move in that direction, however, would be heavily and rightly criticised if the defence evidence was going to be considered only by the police."

Interim Results 1975

(subject to audit)

Half year to 30 June 1975

Turnover

Profit before Tax

Tax

Profit after Tax

Dividends

Retained Profit

Notes

1. An interim dividend of 1.19p net (1.83p gross) per Ordinary Stock Unit will be paid on 30 November 1975 and is intended to recommend a total dividend for 1975 of 2.39p (3.68p gross).

2. The comparative interim and total dividends for 1974, after adjustment to take account of the capitalisation issue made in June 1975, were 1.12p and 2.24p net respectively.

3. The tax charge includes £280,000 overseas tax, against £225,000 overseas tax in interim results for 1974.

4. It is anticipated that the Group profit for half year to 30 December 1975 will be comparable to that for the half year to 29 June, 1975, on this basis, the forecast dividend for the year will be covered 3.7 times.

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THE JOBS COLUMN

New head for business school

MICHAEL DIXON

Mr. John Berry's return from the holiday coincides with the search for a new head for the INSEAD business school in Fontainebleau, France. The present holder, aptly called an Berry, who went to Fontainebleau from the London Business School about five years ago, will give up the job at summer and is not yet decided whether to stay in Europe or return to his native America.

Properly entitled Institut Supérieur d'Administration des Affaires, the school defines its mission as providing "high quality business education that is international in scope, European in content, and managerial in emphasis." About 70 per cent of its teaching is devoted to programmes for working managers, and the rest to the tents on its one-year course leading to a Master of Business Administration award.

As the senior academic, the dean will head a faculty of about 55 full-time and 30 part-time professors and tutors. A major task will be to develop the school's research, and another will be to seek out a few more senior academics for its staff. So the most important qualification is enough experience

and reputation in the academic field not only to hold together but also to lead a multi-national bunch of dons, 85 per cent of whom are qualified at doctorate level. Another essential is consummate skill in French — INSEAD's political languages — and English — its working language.

Other languages would be an advantage. So would high-level experience somewhere outside the academic field, with Government and the EEC probably counting more than business. "Certainly not much under 40," is Dean Berry's description of the age range.

The fringe benefits include significant help with housing, and the rewards could be index-linked, but the prevailing salary-level is not quoted. My guess would be about \$50,000. Applications to the chairman of the search committee, Professor Kenneth Walker, INSEAD, Boulevard de Constance, 77305-Fontainebleau, France — tel. (from London) 010-331-422-48-27.

BIM post

ONE job that Dean Berry says he will not be getting, by the way, is that of director-general of the British Institute of Management, which is reported to be considering a successor to John Marsh whose intention of

retiring has been known for the past three years.

The grapevine has it that the BIM's council meeting will be discussing the matter on October 1 and that the most likely candidate is someone from a business school. Rumour's favourite name for the five-figure job yesterday was Professor Grigor McClelland, the director of Manchester Business School. But a swift telephone call showed that, plainly, he was not among the runners.

It appears that more about the BIM appointment is known in the London Business School, whose principal is Professor Jim Ball, and whose deputy principal is Professor Peter Moore.

afford, as it were. Mr. Addison adds, "to give us proper budgetary control, and even our own mini-computer system, if that's what we need."

Provided that candidates have the sort of successful experience enabling them to develop an effective accounting operation in a trading concern of Addison Tool's size and type, they need not be professionally qualified. Nor is age a critical matter.

Salary would be around \$8,000, and there would be a directorship and possibly equity stake for somebody who made the grade. Applications to Mr. Addison at the Heron Trading Estate, Westfields Road, London W.3 — tel. 01-983-1661.

Recruitment

FINALLY, one in the recruitment trade itself. The Lloyd Executive group is looking for a senior consultant, capable of justifying five-figure earnings. The job — Norman Philpot, the managing director of Lloyd Executive Selection, tells me, happily arises because of expansion and will be concerned generally with the selection and recruitment of top-level people. Previous success in the same area with a consultancy is essential. Applications to Mr. Philpot at Brownlow House, 50-51 High Holborn, London WC1V 6ER — tel. 01-405-2499.

BANKING AND INSURANCE APPOINTMENTS

£7800+

Insurance Officer

This is a key appointment with Roan-Consolidated Mines Limited, one of the world's major copper producers. Its scope is wide-ranging: it has responsibility for determining the risks against which the organisation should be insured and for negotiating the appropriate cover at the most economic cost. Reporting to the Head of Treasury, he will maintain close contact with Mining/Refinery Secretaries; with loss adjusters; with third party claimants and with insurance companies. The total sum insured at corporate level is over £120m. In addition, it also involves acting as a registered agent for the Zambia State Insurance Corporation.

Candidates, with ACII, must have had at least ten years' relevant experience with a major composite insurance company or leading broker. They must be skilled in risk management; negotiation of premiums and claim settlements and must have a sound knowledge of corporate insurance needs.

Employment will be on a contract basis. Starting salary will depend on qualifications and experience but gross annual earnings including gratuities will be at least £7800 — at current rates of exchange.

Additional benefits include a paid leave which accrues at the rate of 42 days per annum, a paid return passage every two years, a tax free settling-in allowance, a baggage allowance, a furnished accommodation at low rental, a tax free children's education and travel allowances, a free life assurance, a interest-free loan towards purchase of car.

Please write for an application form and information booklet, quoting reference B.152, to:

The Manager
Overseas Appointments,
AMAX International Limited,
One Noble Street,
London EC2V 7DA.

RCM
IN ZAMBIA

LEGAL NOTICES

No. 00245 of 1975

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
RANSON PRODUCTIONS (PROPERTIES)
LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was presented to the said Court by HIRSH SERVICE SHOPS LIMITED, whose registered office is at Warne House, 31, London Road, Reigate, Surrey, and that the said Petition was read and heard before the Court sitting at the Royal Courts of Justice, Strand, London W.C.2, on the 27th day of October, 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, and that notice of the making of such an Order will be furnished by the undersigned to any creditor or contributory of the said Company requiring such notice on payment of the regulated charges for the same.

UNDERWOOD & CO.,
40, Welbeck Street,
London W1M 8LN
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the undersigned notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person, or firm, or his or her solicitor (if any), and must be served on the undersigned not less than 14 days before the time at which the above-mentioned notice is to be served on the said Company.

BOND DRAWING

CHILEAN EXTERNAL LONG TERM
DEBT—Law No. 2562

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above-mentioned Loan will take place on 27th September, 1975, at 10.00 a.m. at the offices of the Bank of London and the Middle East, Limited, 15, Abchurch Lane, London EC4N 3DF, and that the following bonds will be drawn:—

22 BONDS OF \$100,000 NOMINAL CAPITAL EACH
123 336 632

32 BONDS OF \$500,000 NOMINAL CAPITAL EACH
817 1286 1584

22 BONDS OF \$100,000 NOMINAL CAPITAL EACH
1974 3262 3175 2913 2531 2522 2924
2676 3092 3175 2913 2531 2522 2924
2623 2636 3850 3927 4283 4485 4943
5901 6120 6174 7275

Bonds amounting to £7,700 nominal capital.

Each of the above bonds must be presented at the office of the Bank of London and the Middle East, Limited, at 15, Abchurch Lane, London EC4N 3DF, on or before the 27th day of September, 1975, and all subsequent coupons, otherwise the bonds of the drawing cannot be used for redemption at par on 1st October 1975, from which date all interest thereon will cease.

New Court, 15, Abchurch Lane, London EC4N 3DF.
22nd September, 1975.

PERSONAL

THINK! NOW a top-quality service would be yours. In your office, bank, home, car, and on the road. Call 01-821 9549 for details.

COMPANY NOTICES

B.A.T. International Finance Limited
100,000,000 French Francs 7½% Guaranteed
Bonds 1987

On the request of the Trustee, we hereby give notice that the nominal amount of FF 3,000,000 has been purchased on the market for redemption due November 15, 1975.

The Principal Paying Agent:
KREDITBANK
S.A. Luxembourg
Luxembourg, September 22, 1975

117 GROUP FUND

Registered Office: LUXEMBOURG.

14, rue d'Alger, 1215.

DIVIDEND ANNOUNCEMENT:

The 117 GROUP FUND S.A. will pay a 20% bonus on its interim dividend of 100 francs per share on or after September 30th, 1975.

1975/76 Shares will be traded at a dividend of 120 francs.

The dividend is payable to holders of 100 shares or multiples thereof.

Shares may be presented for redemption at the registered office of the company, 14, rue d'Alger, 1215, Luxembourg, on or after September 30th, 1975.

Bankers: Bank of Luxembourg, S.A., Luxembourg.

Barclays Bank Limited, London.

14, rue d'Alger, 1215, Luxembourg.

The Board of Directors:

TORAY INDUSTRIES INC.,
Barclays Bank, New York, N.Y.

United Kingdom shareholders are advised that copies of the Annual Report for the year ended 31st March 1975, and the audited accounts, are available on request.

S. G. WARBURG & CO. LTD.,
22nd September, 1975.

THE PRUDENTIAL ASSURANCE

COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the above company will be closed from the 17th October 1975 to 27th October 1975.

BY ORDER of the Board of Directors:
J. P. HATCHETT
Joint Secretaries

142 Holborn Viaduct,
London EC1N 2NH.

18th September 1975

PUBLIC NOTICES

THE METROPOLITAN BOROUGH OF

SANDWELL BILLS

£1,250,000 NEW BORROWED September 17

1975, maturing December 17, 1975 at 10% per annum.

£1,250,000 there are £2 million bills outstanding.

APPOINTMENTS

Ford names marketing director

Mr. Neil O'Sullivan, previously manager, car sales operations, has been appointed director of marketing at FORD OF BRITAIN. This is the first appointment within the company of a director exclusively responsible for marketing affairs, and Ford sales operations now comprise four separate categories.

RANK XEROX has announced the following changes within its Manufacturing Group senior management, based at Mitheldean, Gloucestershire. Mr. Dick Holmes, formerly chairman of Gould (Europe) and controller of Ford Europe and Ford of Britain, becomes director of manufacturing planning, information and control.

Mr. Ron Morfee, manager, Mitheldean plant, becomes director of materials management. Mr. Don Sharyn, director, manufacturing planning, becomes director of manufacturing programmes, and Mr. Jim Evans moves from manufacturing programmes to manage special projects.

Mr. Lionel Lyles, as director of personnel, has public relations and all aspects of security added to his responsibilities. Mr. Roger Baggett, as director of C.K. manufacturing operations, assumes the day-to-day running of the plant at Mitheldean and Welwyn Garden City.

DUPONT has announced the following appointments to the Board of subsidiaries: Burman and Sons; Mr. D. K. Taft, marketing and sales director; Mr. E. P. J. C. Haden, purchasing and supplies director; Slumberland; Mr. R. E. Gee, sales director; Dupont Computer Services; Mr. D. J. Ault, director and technical manager; Mr. F. Jones, director and operations manager.

SEULTON (GREAT BRITAIN) has announced the following changes to their Board: Mr. Geoffrey S. Sladden has been appointed chairman. Other directors are: Mr. William B. Lark (U.S.), Mr. E. Finlayson (U.S.), Mrs. Ellen C. Roth (U.S.), and Mr. John A. Forsythe (managing). Mr. Frank Edwards, deputy managing director, having reached the age of 65, will officially retire from the company at the end of the year. With this in view, its management has now been restructured as follows: Mr. John A. Forsythe, managing director; Mr. Bernard E. O'Connell, financial controller and secretary; Mr. Quentin MacDonnell, director of marketing and sales; Mr. Ian R. McLachlan, director of production; Mr. C. J. Macdonnell, director of distribution and licensee.

Mr. A. G. Pennington has been appointed a divisional director responsible for the mechanical and process engineering division of WGL. He continues as a non-executive director of West's Petro, of which company Dr. I. E. Kimberley succeeds him as managing director.

Mr. J. Derek Waites has been appointed to the Board of S & A Geophysical. Mr. Waites has also been named director of operations.

Mr. Stuart Young, a partner of Hatcher Young, chartered accountants, has been appointed to the Board of BANK LEUMI. Mr. Young is a director of a number of companies, including Warner and Gillo (Holdings) and British Caledonian Airways.

Mr. Brian W. Oliver, deputy managing director of THE TORRINGTON COMPANY, retires on September 30 after 41 years with the company; he was appointed to the Board in 1933.

Mr. K. M. Reader, who has been general manager of export sales, becomes export sales director of ACCESS EQUIPMENT, of Hemel Hempstead, Herts. Also appointed to the Board is Mr. J. W. Barnham, a member of the Institute of Value Engineers.

Selection Trust board

Mr. A. M. Macleod-Smith has been appointed a director of SELECTION TRUST.

Mr. G. V. Moore has been appointed production director, GOODYEAR-GERMANY. He has been production director of Goodyear Great Britain, at Wolverhampton, for two years.

Mr. Quentin L. Smith, Jr., president and chief executive officer of Towers Perrin Forster and Company, has been elected to the Board of J. WALTER THOMPSON COMPANY in New York.

Mr. T. C. R. Jourdan and Mr. L. J. Packer have been appointed to the Board of PARKER KNOLL. Both are directors of group subsidiaries.

Mr. C. K. Roche has been appointed financial director and company secretary of WAYFORD ENGINEERING. Previously he was a group accountant with Shell International.

Mr. M. J. Haspel has been appointed chief executive of the northern division of STAVELEY MACHINE TOOLS. He will continue as managing director of its Asquith division and be responsible for the overall manufacturing.

SELLING TO LOCAL AUTHORITIES?

Then obtain expert advice on best procedures at a conference of the same name sponsored by

LOCAL GOVERNMENT CHRONICLE
OLYMPIA, FRIDAY, OCTOBER 3rd, 10 a.m. to 3 p.m.

(During the Business Efficiency Exhibition)

Speakers:
SAM SWALLOW
Director of Supplies GLC
Mr. JENNIFER DEAS
Vice-Chairman, JACLAB
LESLIE H. TAYLOR
County Supplies Officer, Essex
MICHAEL J. MILLER
Managing Director Blackdale-NSE Ltd.
Cost including lunch with wine and VAT £25

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24 London Road, Hoxham, W. Sussex RH12 1AY. (Tel. 5459)

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Menswear Assn. of Britain Exhibition (cl. Sept. 24)	Harrogate Extn. Centre
Sept. 23-24	International Ship Supplies Assn. (cl. Sept. 24)	World Trade Centre, E.1
Sept. 23-24	Electronic Instrument Exhibition	Bloomsbury Centre Hotel
Sept. 23-24	London International Footwear Fair	Earls Court
Sept. 23-24	Water Pollution Control Exhibition	Bournemouth
Sept. 24-Oct. 18	Midlands Ideal Home Exhibition	Bingley Hall, Birmingham
Sept. 24-Oct. 2	Southern Floorcoverings Exhibition	Metropole, Brighton
Sept. 24-Oct. 2	Below the Line—SPEC 75 Exbn.	Olympia
Sept. 30-Oct. 2	Electronic Instruments Exhibition	Esso Motor Hotel, Bristol
Oct. 1-3	Meat Trade Exhibition	Racecourse, Doncaster
Oct. 1-3	British Computer Society Datafair	Cum gratia Int'l. H.L., W.6
Oct. 1-3	Business Efficiency Exhibition	Olympia
Oct. 1-18	Modern Homes Exhibition	Kelvin Hall, Glasgow
Oct. 6-9	London Pram Fair	Russell and Bloomsbury Ctr.
Oct. 7-9	National Housing and Town Planning Exbn.	Exbn. Centre, Harrogate
Oct. 7-10	Italian Handbags and leather goods	Italian Trade Centre, London
Oct. 13-16	Children's and Teenage Fashion Fair	Hortie. Halls, S.W.
Oct. 14-16	International Electronic and Prod. Equip. Exbn.	Metropole, Brighton
Oct. 15-23	International Motor Show	Earls Court
Oct. 20-25	Kensington Antiques Fair	Town Hall
Oct. 20-26	International Audio Festival and Fair	Olympia
Oct. 21-23	Highland Textile Fair	Avonmore Centre
Oct. 21-26	International Bakers' and Confectioners' Exbn.	Olympia
Oct. 22-24	Equipment for Schools Exhibition	New Hortie. Halls, S.W.
Oct. 22-25	London Fashion Fair International	Biba Store, W.8

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	National Fair—Comptoir Suisse (cl. Sept. 25)	Lausanne
Current	Pan-African Textile Exhibition (cl. Sept. 23)	Abidjan, Ivory Coast
Current	Data Proc. and Communications (cl. Sept. 25)	Paris
Sept. 25-29	Overseas Import Fair	Berlin
Sept. 26-Oct. 5	International Hi-Fi Exhibition	Stockholm
Oct. 2-8	World Telecommunication Exhibition	Geneva
Oct. 2-12	International Caravan and Allied Trades Exbn.	Paris
Oct. 2-12	International Motor, Motor Cycle and Cycle Show	Paris
Oct. 5-8	International Fashion Week	Munich
Oct. 5-10	Israel Metal Week	Tel Aviv
Oct. 7-14	International Plastics and Rubber Trade	Dusseldorf
Oct. 12-21	International Technical Exhibition	Bucharest
Oct. 18-24	Engineering Exhibition and Seminar	Bahrain
Oct. 20-24	Machine Tool and Production Eng. Exhibition	Johannesburg
Oct. 20-30	International Building Materials and Equip. Exbn.	Cairo
Oct. 21-24	Electronic Components and Instruments Exbn.	Helsinki

BUSINESS AND MANAGEMENT CONFERENCES

Current	Harry Mitchell and Pts.: Work Study (cl. Sept. 26)	Beeston, Notts.
Current	W. D. Scott and Co.: Clerical Work (cl. Sept. 26)	Moor Hall, Cookham, Berks.
Current	Abridge Man. Coll.: Management Dev. (cl. Oct. 3)	Brackhamstead, Herts.
Current	Manufacturing Policy for Sen. Man. (cl. Oct. 3)	Bradford University
Today	IPM: Manpower Planning in Practice (cl. Sept. 24)	Park Court Hotel, W.
Today	ORC (U.K.): Exporters' Policies (cl. Sept. 24)	Chicago
Sept. 23	Small Company Profitable Exporting	World Trade Institute, E.
Sept. 23	NFTSE Building Advisory Service (BAS)	Cavendish Ctr., W.1
Sept. 23-24	CAM Foundation: Advertising Buying Power	Mav Fair Hotel, W.
Sept. 23-24	Assoc. Cert. Accts.: Corporate Planning	Clifton Ford Hotel, W.
Sept. 23-26	IAA: Multinationals in Confrontation	Geneva
Sept. 24	Arab Mkt. Res.: Selling in Arabian Peninsula	Birmingham Ch. Cn.
Sept. 24	PRCA: Corporate Social Responsibility	London Hilton, W.1
Sept. 24-27	Harry Schultz: Gold and Monetary Coffee	Geneva
Sept. 25	London Chamber of Commerce: Export Finance	Cafe Royal, W.1
Sept. 26-Oct. 1	Stanford Res. Inst.: Decision Analysis	Lake Como, Italy
Sept. 26-Oct. 1	Task Org.: Finance for Non-Accountants	London, S.W.1
Sept. 30	Inst. of Work Study: Road Transport	Cafe Royal, W.1
Sept. 30-Oct. 2	CAD: Computer-aided drafting	Washington Close Hotel, S.W.
Sept. 30-Oct. 3	Gastech LNG/LPG Congress and Exhibition	Grand Hotel Eastbourne
Oct. 2-10	London Chart. Accts.: Capital Transfer Tax	Darlington
Oct. 5-10	Coverdale Organisation: Middle Managers	Training Centre, Fulmer
Oct. 5-10	C. and C.A.: Use of Concrete in Schools	Birmingham University
Oct. 6-10	ICMA: Production Tech. for Mgmt. Accts.	Cafe Royal, W.1
Oct. 8	New Law Journal: Development Land	Royal Lancaster Hotel, W.2
Oct. 8-9	Financial Times: Norwegian Journal of Commerce and Shipping and the Oil Daily: Financing North Sea Supply Industries	
Oct. 10	Urewick: Conditions of Contract on Site	Ment. Centre, Slough
Oct. 13-17	P-E Cons. Group Sales Management	Reham, Surrey
Oct. 14	Guardian Business Services: Conciliation	Park Court Hotel, W.2
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FINANCIAL TIMES

Monday September 22 1975

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EEC draft budget faces big cuts

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 21.

EEC MINISTERS face tough negotiations over next year's Community Budget at tomorrow's Council meeting here. There can be little doubt that Brussels Commission proposals for a budget totalling just over 800 million units of account (Ecu) will be fairly sharply pruned before Ministers agree to pass the draft on to the European Parliament.

None of the nine Governments is in a mood to see big increases in spending in the present economic climate, and West Germany is expected to take a particularly strong line tomorrow. In addition to cutting back the budget itself, Bonn is also expected to call for changes in the way the unit of account is calculated so as to reduce the German contribution in terms of Deutschmarks.

Belgium and the Netherlands are likely to support the German proposal, which would also reduce their own contributions. But the proposal is strongly opposed by the U.K. and Italy and the Irish Republic, all of whom

would have to pay more. Britain has made it clear that it will veto the proposal if the other countries continue to press it.

The German plan is that national currencies should be converted into units of account at current market rates rather than at the outdated official IMF rates still used in EEC budgetary calculations. This would mean that countries whose currencies have floated upwards would need to pay in less, while those with weaker currencies, like the U.K., would have to contribute more.

Britain, which is due to contribute 16.3 per cent of the budget next year, is hoping to resist the German suggestion of at least until 1978, when it would no longer matter so much. After 1977, officials argue, budget contributions will in any case be made in national currencies, and no longer in units of account.

West Germany is also angry over Commission claims that its draft 1976 budget only represents an increase of 17 per cent

over expenditure in 1975. If like is compared with like, the Germans argue, the true figure is more like 30 per cent.

Meanwhile, in separate talks here, Finance Ministers will again be discussing whether to admit the Swiss franc to the West European "snake" system of jointly floating currencies. But although the EEC Commission was last week hopeful that the Swiss franc would soon join the system, it was still far from certain whether France is yet ready to give its assent.

All the EEC currencies except the pound and the Italian lira are now full members of the "snake", while non-members Sweden, Norway and Austria are associated with the system.

The Ministers are also due to discuss plans for raising Community-backed loans under the Euratom Treaty to finance investment in nuclear power stations. But although the proposal has been under discussion for many months, final agreement has still not been reached.

Some rival groups have been forced to follow ASDA down.

A number of oil company executives are sharply critical of the fact that other major oil companies have broken ranks and started to engage openly in the price war, a process which is now having cumulative effects.

Shell-Mex and BP, which supplies more than 15,000 U.K. petrol outlets, has now introduced a "limited support programme" which involves giving additional rebates of up to 2.5p a gallon to certain of its dealers, although the company expects dealers to make an equal contribution, which means that they may have to cut as much as 2p a gallon from four-star petrol.

Esso, which supplies more than 7,000 sites, is running a similar support system on a month-to-month basis, and even groups such as Petrofina, which in the past been strongly against any form of price cut-

ting, now admit to being forced to give selective help.

The petrol companies claim that they are only protecting their dealers from aggressive cut-price marketing by a number of independent chains.

For example, ASDA, the Leeds-based hypermarket chain supplied by Mobil, is now offering four-star petrol at all its sites for 62p, and the effect of this move on local competitors is said to be "devastating".

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'No decision yet on missile deal with Israel'

BY ADRIAN DICKS

WASHINGTON, Sept. 21.

DR. JAMES SCHLESINGER, the U.S. Secretary of Defence, today sought to play down reports of a serious rift with his Cabinet colleague, Dr. Henry Kissinger, over Israel's request for the Pershing missile, but also insisted that no decision had been taken yet on whether the request would be granted.

In a television interview this morning, the Defence Secretary stood firmly by earlier statements by Pentagon officials that Pershing missiles could not be supplied to the Israelis out of current U.S. stocks. He also pointed out that to re-open production lines of the weapon in order to meet an Israeli request would take several years.

The Pershing has become an object of intense controversy here in the past week, since it was revealed that Dr. Kissinger had promised in a secret addendum to the Sinal peace agreement to consider favourably an Israeli request for the weapon. Many strategists here have made the point that the Pershing—designed for U.S. tactical nuclear forces in Europe—would make little sense as a part of the Israeli arsenal if it were armed only with conventional explosive warheads, as both Dr. Kissinger and Mr. Shimon Peres, Israeli Defence Minister, insisted it would be.

The nuclear potential of the Pershing apart, there is a good deal of doubt here about the wisdom of building into the latest peace move so heavy an escalation in Israeli military power as the Administration contemplates. Dr. Kissinger indicated yesterday, for example, that the items held up for the past year during the Administration's review of Middle East policy are now likely to be supplied.

Dr. Schlesinger called the incident a "tempest in the teapot". But it touched on general themes of the greatest concern here as Congress sets about serious consideration of the Administration's request for authority to send American observers to the Sinai, which is expected to grant within the next few weeks.

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request for the Pershing missile. Dr. Kissinger was reported to have said that the U.S. would not supply the missile unless Israel agreed to a "complete and total" renunciation of nuclear weapons.

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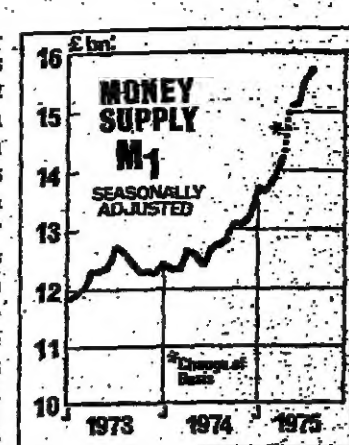
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THE LEX COLUMN

Laird rides the steel cycle

Steel accounted for four-fifths of the Laird Group's profits in 1974, and was still producing good returns through the first quarter of 1975. Then orders disappeared, and profits slipped away to about 50 per cent of capacity. The result is a fall from £4.3m. to £3.3m. in interim profits, and the forecast of a similar figure in the current six months underlines the deepening recession. Laird produced £3m. in the second half of 1974 after £1.5m. of special provisions.



However, the forecast allows for further declines in the steel business. Ship repairing has moved back into profits after being hit by four months of labour problems earlier in the year, while a turnaround in Germany—where demand for motor components suddenly re-emerged this spring—could be worth £2m. or more over the rest of the year. And Scottish Aviation's workload will see it through this year, at any rate.

So the increased dividend will be covered at least 3.7 times, and with net cash flow running at perhaps £2m. Laird will have come through its major capital spending programme without dipping into the bank Nationalisation may turn about a quarter of its assets into cash, the equivalent next year, and at that stage speculation about the best way to exploit a strikingly undergeared balance sheet would be at least as interesting as the short term pressures on profits. Yielding 9 1/2 per cent at 41p, the market capitalisation of £10m. has more to offer than most in the sector.

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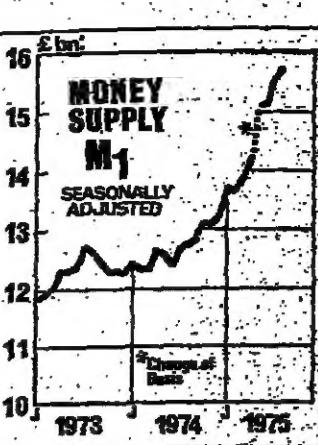
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to the £25m. offer for the spring. The diversification have left Rank with of debt but negligible interest. The property interest grouped as Rank City would have no be the target area for any new investment attack. The last report's projection of a return of just over 10 p. on a completed portfolio of £150m. was far from being given the heavy reliance bank credit to finance it, although Rank cut its spending plans last year.

The offer for sale has been a surprise. Rank's latest banking figures show that the holdings of gilts rose very little in the month to mid-August, and indeed the over-one year category actually shrank by £130m. as Treasury 6 per cent 1976 came within a year of maturity. Certainly the banks have not been keen buyers of the existing short term Treasury 9 1/2 per cent 1980, which is too long for their liking, in tailoring the new stock more in line with their requirements, the Bank of England may be making an offer which they cannot refuse.

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